

# CHANGE REQUEST COVER SHEET

**Change Request Number:** 09-01

**Date Received:** 9/15/2008

**Title:** Revision of Simplified Purchasing

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**Policy OR Guidance:** Guidance

**Section/Text Location Affected:** AMS Procurement Guidance T3.2.2.5

**Summary of Change:** Complete revision of AMS Procurement Guidance T3.2.2.5

**Reason for Change:** To ensure clarity towards simplified purchasing and the proper use of the purchase card in FAA, the section surrounding simplified purchasing is being revised.

**Development, Review, and/or Concurrence:** AGC-500, AJA-43, AJA-431, AJA-45, ACT, ARC

**Target Audience:** FAA Acquisition Workforce and Purchase Card Holders

**Potential Links within FAST for the Change:** None

**Briefing Planned:** No

**ASAG Responsibilities:** None

**Potential Links within FAST for the Change:** None

**Links for New/Modified Forms (or) Documents (LINK 1)** [null](#)

**Links for New/Modified Forms (or) Documents (LINK 2)** [null](#)

**Links for New/Modified Forms (or) Documents (LINK 3)** [null](#)

## SECTIONS REMOVED:

Procurement Guidance:

**Section 2 : OMB Circular A-123 Requirements for Purchase Card Program**

**Management** [\[Old Content\]](#)

Procurement Guidance:

**Section 2 : Credit Card Checks** [\[Old Content\]](#)

Procurement Guidance:

**Section 3 : Purchase Orders** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : Appropriate Use of Credit Card Checks** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : Credit Card Check Approval Form** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : Credit Card Check Register** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : Purchase Card Training Database** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : APC Checklist Guide** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : National Checklist** [\[Old Content\]](#)

Procurement Guidance:

**Section 1.1 : Roles and Responsibilities** [\[Old Content\]](#)

Procurement Guidance:

**Section 1.2 : Review Checklist** [\[Old Content\]](#)

Procurement Guidance:

**Section 1.3 : Corrective Action Plan** [\[Old Content\]](#)

Procurement Guidance:

**Section 1.4 : Purchase Card Review Findings** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : Measuring the Effectiveness of the FAA Purchase Card Program**

[\[Old Content\]](#)

## SECTIONS ADDED:

Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 2 : Purchase Orders** [\[New Content\]](#)

Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 5 : FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops** [\[New Content\]](#)

Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 6 : Use of Appropriated Funds to Purchase Business Cards** [\[New Content\]](#)

## SECTIONS EDITED:

### Procurement Guidance:

**T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)** [\[Old Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*  
*Simplified Purchasing*

**Section 1 : Simplified Purchasing** [\[Old Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*  
*Simplified Purchasing*

**Section 3 : Blanket Purchase Agreement (BPA)** [\[Old Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

### Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*  
*Simplified Purchasing*

**Section 4 : Prohibited and Restricted Purchases** [\[Old Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

## SECTIONS REMOVED:

### **Procurement Guidance:**

**Section 2 : OMB Circular A-123 Requirements for Purchase Card Program Management.**

The requirement for compliance with OMB Circular A-123, Appendix B are contained in the Management Plan for the FAA Purchase Card Program. The management plan is available at the web site: <http://faapcard.amc.faa.gov>

### **Procurement Guidance:**

**Section 2 : Credit Card Checks .**

a. *Training.* Both the credit card check approving official and check writer (prior to approving or making a purchase) require training. The approving official should contact the regional Agency Program Coordinator (APC) to schedule training.

b. *Credit Card Check Usage.* A check can be issued when the service or goods for which payment is being made is operationally critical, cost effective and consistent with FAA procurement policies. Credit card checks are to be issued only in "exceptional situations" when the use of payment mechanisms such as an automated clearinghouse, or a government purchase card are not accepted. Specific examples of appropriate credit card check usage are found in Appendix 1.

(1) Credit card checks may only be used:

(a) Where the political, financial, or communications infrastructure does not support payment by Electronic Funds Transfer (EFT) in a foreign country;

(b) Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area;

(c) Where paying by EFT would jeopardize military or law enforcement

operations or national security interests;

(d) Where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified;

(e) Where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT; or

(f) When there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.

(2) Credit Card checks may not be used for:

(a) The issuance of travel advances when the government-issued travel charge card is revoked or cancelled due to delinquent payment or for personal reasons;

(b) Cash.

(c) Travel-related expenses.

*c. Authorization Level.*

(1) Purchases using credit card checks must be approved in advance by the second-level approving official who approves purchase card purchases. The credit card check-approving official must initial the check register to verify that the payee does not accept the purchase cards and that the issuance of the credit card check meets at least one of the requirements listed above under the section 4.b Credit Card Check Usage.

(2) If the approving official is not located at the same site as the person authorized to issue the check (check writer), verbal approval, followed by written documentation, is satisfactory. A copy of the written documentation authorizing the purchase must be provided to the check writer. A copy of the Credit Card Check Approval Form is included as Appendix 2. If the second-level approving official is not readily available, another individual at that level or higher may approve the use of the check, provided that he/she can attest that the need clearly follows the guidelines stated above.

(3) If the check writer is providing the check to another employee who will actually be giving the check to the vendor/merchant/individual, and the latter employee is in a different line of business than the check writer, then the approving official will be the second-level approving official of the employee paying the vendor/merchant/individual rather than the second level approving official of the check writer.

*d. Issuing a Credit Card Check.*

(1) Credit card checks are carbon checks. The following information should be entered in the appropriate space on the check and must be written, printed in ink or typed. Except as otherwise authorized, checks shall **only** be used for officially approved purchases and issued **only** by the individual whose name appears on the check.

(2) *Date*: Enter the date on which the credit card check was issued to vendor for purchase. The date can be spelled out (e.g., August 27, 1999) or written (8/27/99). Do not predate or postdate a credit card check.

(3) *Pay to the Order of*: Enter the name of the payee. (Individuals may not issue credit card checks payable to themselves.)

(4) *Amount*. The dollar amount of the credit card check must be written and spelled out in the space provided, (e.g., "\$126.39" and spelled out as "one hundred and twenty-six and 39/100," followed by a horizontal line out to the end of the space provided).

(5) *Memo*. (additional information). Enter information pertinent to the purchase, e.g., radar parts, pavement repair, emergency plumbing.

(6) *Authorized Signature*. Sign in the space provided. Your signature should be in the same format as the name printed on the credit card check, (e.g., if first, middle, and last names are spelled out in full rather than initials being used, your signed name must also be spelled out in full).

*e. Spending Limitation.*

(1) Credit card checks access the same single purchase and monthly spending limits established by the lines of business (LOBs). The established monthly limit will cover purchases made by both the purchase card and the credit card checks. Approving officials will determine the appropriate dollar amount of single purchases limits to be established for each cardholder, however, each credit card check issued cannot exceed \$2,500.

(2) A pre-established dollar "not to exceed" limit of \$2,500 will be printed on the checks. Under no circumstances shall a check be written over that amount.

*f. Knowing Your Balance*. Cleared credit card checks are deducted from the monthly limit when they actually clear the bank, not when they are written. Monthly limits are renewed on the 20<sup>th</sup> of each month. You are responsible for tracking your individual available balance and reconciling cleared credit card checks. Remember any transactions made with your purchase card will also be counted toward your monthly balance. The following is important.

(1) Allow time for each credit card check to clear, which may overlap billing cycles;

(2) Ensure the monthly limit is sufficient to cover written checks; and

(3) At the beginning of each billing cycle, credit card checks that appear on the

statement as cleared should be deducted from your balance.

**IMPORTANT NOTE:** This account is different from your personal checking account because unused balances do not accumulate. Exceeding your limit will result in credit card checks being returned for insufficient funds.

*g. Safeguarding and Accountability of Blank Credit Card Checks.*

(1) For security purposes, the following items are preprinted on the face of all credit card checks:

(a) Name and work address of the authorized credit card check holder;

(b) Legend: NOT VALID FOR MORE THAN THE ESTABLISHED SINGLE PURCHASE LIMIT;

(2) Credit card checks shall be safeguarded in accordance with FAA Order 1600.6, FAA Security Risk Management Program. When not in use, checks are to be kept in a secured area, i.e., locked safe or cabinet or another secured environment approved by the servicing security element to protect them from being stolen or misused.

*h. Staying Within Your Purchase Limit.* It is imperative that single purchase and monthly limits not be exceeded.

*i. Insufficient Check Fees.* The financial institution does not charge a fee for insufficient checks, however, the vendor may charge a fee. This fee may vary depending upon the vendor.

*j. Liability of Fraudulent Use.*

(1) The agency is responsible for all proper charges made with the purchase card or credit card check (by a cardholder) but is not liable for any unauthorized use. Unauthorized use means the use of an account/card by a person other than the cardholder who does not have actual, implied, or apparent authority for such use and from which the cardholder receives no benefit. The cardholder and the designated billing office is responsible for notifying the financial institution when possible unauthorized use of the credit card checks has occurred.

(2) If unauthorized use has occurred, the liability of the cardholder shall not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained before notification to the financial institution. Notification, either by telephone or in writing, must be given to the financial institution with pertinent information regarding the unauthorized use. The financial institution will not determine whether a purchase is authorized or made during official government business.

*k. Employee's Liability of Fraudulent Use.* Disciplinary actions for theft, fraud, or intentional misuse of credit card checks by an employee will be imposed based on the applicable penalty(s) outlined in FAPM LTR 2635, Conduct and Discipline, as well as penalties and/or legal charges brought upon by the financial institution.

m. *Reporting Lost or Stolen Purchase Card and Credit Card Checks.* To safeguard against intentional misuse, lost or stolen purchase cards and credit card checks must promptly be reported.

l. *Destroying Purchase Cards and Credit Card Checks.*

(1) When an account has been cancelled, all related purchase cards and unused check numbers should be recorded and then immediately destroyed. All valid written, unused, and lost/stolen check numbers are to be reported to the financial institution. The financial institution will place stop payment on invalid checks.

(2) Once the financial institution has been notified to cancel an account, checks attempting to post after the closure date will be declined. The financial institution security associates and bank representatives will investigate each check to determine if floating checks were written by the account holder and valid for payment. If the check is valid, the checks will post to the new account number, if not, the checks will be returned for non-payment and further investigated by the financial institution.

m. *Maintaining Your Credit Card Check Register.* A credit card check register should be maintained to record each credit card check transaction. The credit card check number, date issued, the payee, a description of the purchase, the emergency credit card check amount, and the account fee can be entered. A copy of the Credit Card Check Register is included as Appendix 3.

n. *Maintaining Receipts and Record Retention.* The carbon copy of the check, the merchandise receipt and invoice must be turned in for each purchase and matched against the credit card check register. Records should be retained in the office and then archived according to the agency's Vital Record and Retention Manual. Records include the monthly statement of account, your credit card check register, receipts, and all supporting documentation.

o. *Account Fees.* The fees associated with writing a credit card check will be charged back to the individual check writer's LOB and will appear on the monthly statement.

p. *Billing Statement.* The monthly purchase card and credit card check statement will show the merchant/vendor name, the amount of the check, and the check number of all cleared checks.

q. *Reconciling Your Account.* The monthly statement must be cross-checked with your credit card check register, carbon copy of the check, receipt, invoice, and your internal log to ensure that the register and statement amounts are the same. Any discrepancies must be resolved immediately with the financial institution. Keep in mind that cleared checks that may appear on the statement may be checks written the prior month.

r. *Returned Merchandise:*

(1) If there is a need to return an item to a vendor, do not accept cash or a store credit made out to the check holder. If a refund is issued in the form of store credit, it must be made out to the Federal Aviation Administration and used for a future valid purchase.

(2) In the event a refund check is received, it must be forwarded to the servicing accounting office for deposit within one business day. The original accounting classification code should be provided to credit the funds accurately.

s. *Reporting Expenditure Data.* In order to determine the effectiveness of the program, data will be required to monitor credit card check usage.

**Procurement Guidance:**

**Section 3 : Purchase Orders .**

a. The purchase order is a simplified form for ordering supplies and services which allows the vendor to invoice using the same form. Purchase orders should be issued on a fixed-price basis. An unpriced purchase may be issued for supplies or services when it is impractical to obtain pricing in advance of issuance of the purchase order.

(1) Purchase orders should contain the following information:

(a) Trade and prompt payment discounts that are offered;

(b) The quantity of supplies or services ordered;

(c) Inspection provisions; origin or destination;

(d) A determinable date by which delivery of supplies or performance of services is required; and

(e) Information for use by Accounting should be requested by the preparer of the purchase order as follows:

(i) Vendor's SSN or taxpayer identification number (TIN);

(ii) Vendor's business status as one of the following classifications:

(A) Individual/sole proprietorship;

(B) Corporation;

(C) Partnership; or

(D) Other (specify);

(f) The Contracting Officer's signature. Facsimile signatures may be used in the production of purchase orders by automated methods.

(2) An unpriced purchase order may be appropriate when:

(a) It is impractical to obtain pricing in advance of issuance of



the purchase order; or

(b) The purchase is for repairs to equipment requiring disassembly to determine the nature and extent of repairs; the material is available from only one source and for which cost cannot be readily established; or the order is for supplies or services for which prices are known to be competitive but exact prices are not known (e.g. miscellaneous repair parts, maintenance agreements).

(3) Unpriced purchase orders may be issued by using written purchase orders or electronically. A realistic monetary limitation, either for each line item or for the total order, should be placed on each unpriced purchase order. The monetary limitation becomes an obligation subject to adjustment when the firm price is established. The contracting office should follow-up each order to ensure timely pricing. The Contracting Officer or designated representative should review the invoice price and, if reasonable, process the invoice for payment.

(4) The Contracting Officer should require written acceptance of a purchase order when it is desired to consummate a binding contract before the contractor undertakes performance.

(5) A purchase order may be modified. Each purchase order modification should identify the order it modifies and should contain an appropriate modification number. The Contracting Officer determines when it is necessary to obtain a contractor's written acceptance of a purchase order modification. Purchase orders may be modified by using:

(a) Standard Form 30, Amendment of Solicitation/Modification of Contract;

(b) An agency-designed form or an automated format; or

(c) A purchase order form.

(6) A purchase order may be terminated. If the purchase order has been accepted in writing by the contractor, the termination should be processed in accordance with the termination clauses. If the purchase order has not been accepted in writing by the contractor, the Contracting Officer should notify the contractor in writing that the purchase order has been canceled and request the contractor's acceptance of the cancellation. If the contractor accepts the cancellation and does not claim that costs were incurred, no further action is required. If the contractor does not accept the cancellation or claims that costs were incurred, the Contracting Officer should process the termination in accordance with the termination clauses.

(7) The Contracting Officer may print on the purchase order form the clauses they consider to be generally suitable for their purchases. The following forms may be used for purchase orders:

(a) Optional form 347, Order for Supplies or Services;

(b) Optional form 348, Order for Supplies or Services Schedule-Continuation; or

(c) Other agency generated or contractor provided forms.

(8) The Contracting Officer should obtain the corporate status information of the vendor.

**Procurement Guidance:**

**Section 1 : Appropriate Use of Credit Card Checks .**

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Emergency salary payment (disaster declared)	<ul style="list-style-type: none"><li>· Deposit to employee's account</li><li>· Treasury check to employee</li></ul>	Yes	Treasury waiver allowed where payment is to a recipient within an area designated by President or an authorized agency administrator as a disaster area.
Advance salary payment to new employee	<ul style="list-style-type: none"><li>· Deposit to employee's account</li><li>· Treasury check to employee</li></ul>	No	
Local travel	<ul style="list-style-type: none"><li>· Deposit to employee's account</li><li>· Treasury check to employee</li><li>· Employer-provided transit cards</li></ul>	No	
Reimburse gas when privately-owned vehicle is used for	<ul style="list-style-type: none"><li>· Deposit to employee's account</li><li>· Treasury check to</li></ul>	No	

local travel	employee		
Purchase fuel & maintenance for government-owned vehicles	<ul style="list-style-type: none"> <li>· Purchase credit card</li> <li>· Deposit to employee's account</li> <li>· Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed where there is only once source for good or service and the Government would be seriously injured unless payment is made by a method other than electronic funds transfer (EFT).

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Payments to State/local governments	<ul style="list-style-type: none"> <li>· Purchase credit card</li> <li>· Deposit to payee's account</li> <li>· Deposit to employee's account</li> <li>· Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed where there is only one source for good or service and the Government would be seriously injured unless payment is made by a method other than EFT.
Real property acquisitions from others involving Department of Justice	<ul style="list-style-type: none"> <li>· Deposit to payee's account</li> <li>· Treasury check to payee</li> </ul>	Limited	Use of credit card check allowed only if such payment is required by Justice.
Radar located on farm. Farmer mows lawn	<ul style="list-style-type: none"> <li>· Purchase credit card</li> <li>· Deposit to</li> </ul>	Limited	If there is not a reasonable, cost-effective alternative to the farmer mowing the grass or removing snow, a credit card check may be used. Although every effort should

or removes snow around radar	payee's account · Deposit to employee's account · Treasury check to employee		be made to use or establish an account with a financial institution to which payments can be electronically deposited.
Rent aircraft, aircraft simulators	· Purchase credit card · Deposit to payee's account · Deposit to employee's account · Treasury check to employee	Limited	Treasury waiver allowed when there is only once source and Government would be seriously injured unless payment is made by a method other than EFT.

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Rent equipment at locations where vendor doesn't accept credit cards & transporting equipment from another site is cost prohibitive.	· Purchase credit card · Deposit to payee's account · Deposit to employee's account · Treasury check to employee	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.

Payment for required physicals for employees	<ul style="list-style-type: none"> <li>· Purchase credit card</li> <li>· Deposit to payee's account</li> <li>· Treasury check to payee</li> <li>· Deposit to employee's account</li> <li>· Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Payment to vendors for training	<ul style="list-style-type: none"> <li>· Purchase credit card</li> <li>· Deposit to payee's account</li> <li>· Treasury check to payee</li> <li>· Deposit to employee's account</li> <li>· Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT, or when there is a need for the training that is unusual and compelling.
Expert witness fees	<ul style="list-style-type: none"> <li>· Purchase credit card</li> <li>· Deposit to payee's account</li> <li>· Treasury check to payee</li> <li>· Deposit to</li> </ul>	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT, or when there is a need that is unusual and compelling.

	employee's account  · Treasury check to employee		
Reimbursement for passports & immunizations	· Deposit to employee's account  · Treasury check to employee	No	

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
FEDEX/UPS delivery with COD	· Purchase credit card · Deposit to payee's account · Treasury check to payee · Deposit to employee's account · Treasury check to employee	No	
One-time need for electrician, painter, plumber, etc. without bank account	· Purchase credit card · Treasury check to payee · Deposit to employee's account · Treasury	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.

	check to employee		
Tuition assistance	<ul style="list-style-type: none"> <li>· Deposit to employee's account</li> <li>· Treasury check to employee</li> </ul>	No	
Award to employee	<ul style="list-style-type: none"> <li>· Deposit to employee's account</li> <li>· Treasury check to employee</li> </ul>	No	

To reimburse an employee, the employee would complete a SF-1164, "Claim for Reimbursement for Expenditures on Official Business," and reimbursement would be made by direct deposit to the employee's account or by a Treasury check (see footnote 2).

When an employee does not want to be paid or reimbursed by an EFT method based on the waivers stated in 31 CFR 208.4, including "where an individual determines, in his or her sole discretion, that payment by electronic funds transfer would impose a hardship due to a physical or mental disability or a geographic, language, or literacy barrier, or would impose a financial hardship," reimbursement will be by Treasury check and not by credit card check, unless the political, financial, or communications infrastructure does not support payment by Treasury check, for example, during a declared disaster.

When paying vendors and individuals for providing goods and services, payment by EFT is required unless one of the waiver criteria stipulated in 31 CFR 208.4 applies. Since payment by Treasury check is a non-EFT method, its use must be supportable by waiver as required by 31 CFR 208.4. Payment by Treasury check is preferable to using a credit card check.

A credit card check can be issued when the service or good for which payment is being made meets the criteria set forth in 31 CFR 208.4 (see footnote 2), and is operationally critical, time critical, cost effective and consistent with FAA procurement policies. Because of the inherent inefficiencies and costs associated with processing a paper document, and because there are better controls associated with electronic payments, checks are to be issued only for "exceptional situations" when other payment mechanisms, like the purchase and travel credit cards, are not possible.

Based on 31 CFR 208.4 as implemented by the Department of the Treasury in September 1998, non-electronic funds transfer (EFT) methods may be used:

where the political, financial, or communications infrastructure does not support payment by EFT in a foreign country;

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where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area;

where paying by EFT would jeopardize military or law enforcement operations or national security interests;

where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified;

where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT; or

when there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.

**Procurement Guidance:**

**Section 1 : Credit Card Check Approval Form .**

This form is to be completed when verbal approval has been granted in advance of a purchase by the second level supervisor.

Date verbal approval authorized	
Name of credit card check writer:	
Name of individual who provided check to vendor/merchant/payee:	
Vendor/merchant/payee's name:	
Did vendor/merchant accept the purchase credit card?	
Reason for authorizing the use of the credit card check:	
	Second level Approving Official's Name/Signature

**Procurement Guidance:**

**Section 1 : Credit Card Check Register .**

						Name: _____			
Account Number: _____						Date: _____			
Check No.	ISSUED TO	APPROPRIATION CODE	CHECK AMOUNT \$	DATE WRITTEN	CHECK FEE AMOUNT (2.0%)	DOES VENDOR / PAYEE /MERCHANT ACCEPT PURCHASE CARD?		REASON CHECK WAS ISSUED	AUTHORIZING OFFICIAL'S SIGNATURE
						YES	NO		




Note: As a suggestion, if you have situations when the reason is the same for single or multiple vendors, you may want to develop a list of reason codes at the bottom of the form and put the reason code number in the justification block

### **Procurement Guidance:**

#### **Section 1 : Purchase Card Training Database .**

Assigned Organization	Employee Name	Location	Initial Training Date	Refresher Training Date	Last 6 Digits of Purchase Card No.	Single / Monthly Spending Limit	Supervisors Name
AAF-300	Joe Doe	ANE Regional Office	05/22/95	02/16/99 02/16/02	200000	\$10,000(s) \$25,000(m)	John Smith
ANI-1	Jane Doe	AAL FTW SSC	02/01/99	03/12/03	11111	\$5,000(s) \$10,000(m)	Jane Smith
AFM-800	Tom Jones	Headquarters	02/02/94	11/22/97 09/15/02	22222	\$25,000(s) \$50,000(m)	Tom Smith
ACT-51	Mary Brown	ACT Logistics	07/07/01		123456	\$10,000(s) \$25,000(m)	Sallie Jones
AMQ-300	Lucy Bird	AMQ Ops & Maintenance	10/10/93	10/08/96 10/12/99 10/15/02	54544	\$10,000(s) \$25,000(m)	Her Gordon
AEA-55	Freddie Mac	AEA Contract	05/15/02		88994	\$10,000(s) \$25,000(m)	Oscar Meyer
ASO-22	Willy Wonka	ASO Acct. Ops	04/19/00		54654	\$10,000(s) \$25,000(m)	Millie Norman
AGL-54	Rocky Moon	AGL Sup Servs	06/20/96	05/20/99 07/26/02	56555	\$10,000(s) \$25,000(m)	Madge Hair
ACE-300	Jean Bandid	ACE Med Serv	01/24/97	03/19/00	22154	\$10,000(s) \$25,000(m)	Howard Troy
ASW-620	George Green	ASW Safety Std	09/18/98	10/10/01	54545	\$10,000(s) \$25,000(m)	Troy Ackman
AWP-420	Sky Coral	AWP Resource Mgt.	02/09/95	02/18/98 03/03/02	54545	\$10,000(s) \$25,000(m)	Siera Surfer
ANM-53	Renee News	ANM Acq.	08/28/02		24123	\$10,000(s) \$25,000(m)	Dan Ruther

### **Procurement Guidance:**

#### **Section 1 : APC Checklist Guide .**

Number			Non Comply	Not Applicable
	Government Purchase Card and Check Evaluation Report Check List	Comply		

1	<b>PRIOR APPROVAL</b>			
	Purchase card – The cardholder obtains and documents the approval of the approving official and checks the funds available balance before purchase is made. The cardholder will obtain written confirmation of any verbal approval within 10 days of receiving the verbal approval. AMS Procurement Guidance [T3.2.2.5.A.1.e(4)(c)]			
	Credit card check – Purchases using credit card checks must be approved in advance by the second line approving official who approves purchase card purchases. [AMS Procurement Guidance T3.2.2.5.A.2.c(1)]			
	If the approving official is not located at the same site as the person authorized to issue the check (check writer), verbal approval followed by written documentation is satisfactory. The check writer must complete the credit card check approval form when verbal approval has been granted in advance of a purchase by the second level supervisor [AMS Procurement Guidance T3.2.2.5.A.2.c(2) and Appendix 2]			
2	<b>AUTHORIZED USE</b>			
	Purchase card – The purchase cardholder must safeguard the purchase card and card number. Only the individual whose name appears on the purchase card is authorized to use it. [AMS Procurement Guidance T3.2.2.5.A.1.e(4)(i)]			
	Credit card check – Checks shall only be used by the individual whose name appears on the check. [AMS Procurement Guidance T3.2.2.5.A.3.d(1)]  Check writers shall safeguard checks and keep in a secured area (i.e. locked safe cabinet or another secured environment) AMS Procurement Guidance T3.2.2.5.A.2.g(2)]			
3	<b>DOCUMENTATION</b>			
	Purchase Card – All purchase card transactions made by a cardholder must be supported by a purchase approval, a certification of funds availability, documents such as a sales slip or invoice, telephone log (for phone purchases), check for availability from mandatory source, best value documentation (if mandatory source not available), and a receiving report. Cardholders must retain purchase card			

	documentation for six years and three months from date of purchase. Cardholders must notify and provide all card documentation to approving official before cardholder transfers to another office or leaves FAA[AMS Procurement Guidance T3.2.2.5.A.1.e(1)(a); T3.2.2.5.A.1.e(4)(l); T3.2.2.5.A.1.e(4)(m)]			
Number	Government Purchase Card and Check Evaluation Report Check List	Comply	Non Comply	Not Applicable
3	<b>DOCUMENTATION</b>			
	Credit card check – The credit card check writer must obtain the initials of the approving official on the check register to verify that the payee does not accept the purchase card. [AMS Procurement Guidance T3.2.2.5.A.2.c(1)]			
	Check writer should maintain a record of each check transaction in the check register [AMS Procurement Guidance T3.2.2.5.A.2.o]			
	Check writer must turn in carbon copy of check, merchandise receipt and invoice and match against credit card check register. Credit card check records should be retained in credit card check writer's office [AMS Procurement Guidance T3.2.2.5.A.2.p]			
4	<b>PROHIBITED PURCHASES</b>			
	Purchase Card – The GSA contract stipulates that the purchase card may not be used for the following: [AMS Procurement Guidance T3.2.2.5.A.1.f(2)(a)]			
	a. Rental or lease of land or buildings (except short-term commercial conference and meeting room space may be purchased			
	b. Cash advances, including money orders			
	c. Telephone services controlled by the GSA or the local Office of Information Services or Regional Communications Office (except telephone equipment may be purchased)			
	The use of the purchase card for personal purchases or as identification when writing personal checks is prohibited. [AMS Procurement Guidance T3.2.2.5.A.1.f(2)(b)]			
	The use of appropriated funds for the following purposes is prohibited: [AMS Procurement Guidance T3.2.2.5.A.1.f(2)(c)]			

	a. Food items for meetings and conventions (except that the purchase card can be used to purchase light refreshments, e.g. coffee, tea, donuts, etc. for award ceremonies )			
	b. Gifts to include store gift cards/certificates, office retirements			
	c. Membership fees for individual employees (except the Agency may purchase membership in a society or association in its own name);			
	d. Personal expenses and furnishings, including clothing, decorations and food for personal use or consumption (except as authorized by HRPM 9.2. The purchase card may be used to purchase clothing that is required to perform job duties			
	e. Drinking water (except when a public health authority pronounces the ordinary drinking water is unsafe for human consumption at the site			
	f. Subscriptions to publications or magazines, not relating to official duties			
	g. Rental of aircraft by persons not in aircraft related positions			
Number	Government Purchase Card and Check Evaluation Report Check List	Comply	Non Comply	Not Applicable
4	<b>PROHIBITED PURCHASES</b>			
	h. Fans, air conditioning and cooling equipment, space heaters and heating equipment, except as properly installed for general use in connection with the maintenance and operations requirements for the site			
	i. Water coolers, or vacuum cleaners and other household appliances (except as requisitioned for general use by the authorities charged with building maintenance and equipment)			
	The purchase card cannot be used to purchase real property (land, buildings, or other structures – See Real Property Guidance, Chapter 5, Section II.A.20 for exceptions) [AMS Procurement Guidance T3.2.2.5.A.1.f(2)(d)]			
	Use of the purchase card, in lieu of the travel charge card, for travel-related expenses is prohibited [AMS Procurement Guidance T3.2.2.5.A.1.f(2)(e)]			
	Use of the purchase card to obtain government owned			

	or leased vehicles is prohibited [AMS Procurement Guidance T3.2.2.5.A.1.f(2)(f)]			
	Credit card checks – credit card checks may not be used for the following: [AMS Procurement Guidance T3.2.2.5.A.2.b(2)]			
	a. The issuance of travel advances when the government-issued travel charge card is revoked or cancelled due to delinquent payment or for personal reasons			
	b. Cash			
5	<b>RESTRICTED PURCHASES</b>			
	Purchase card – Federal funds used to purchase, lease or rent plasma displays or personal data assistants (PDAs) including Blackberries, require written justification from the affected associate or assistant administrator. The acquisition of high cost, high quantity items (e.g. computer equipment, hand-held radios, snowmobiles or any item over the amount of \$500) or sensitive items should be centrally purchased within the region, center or headquarters LOB to take advantage of the economies of scale and equipment standardization [AMS Procurement Guidance T3.2.2.5.A.1.f(3)]			
	Credit card checks – Credit card checks may only be issued in “exceptional situations” when the use of payment mechanisms such as automated clearinghouse, a government purchase card, or a government issued travel credit card are not feasible [AMS Procurement Guidance T3.2.2.5.A.2.b]			
	Credit card checks may only be used: [AMS Procurement Guidance T3.2.2.5.A.2.b.(1)]			
	a. Where the political, financial, or communications infrastructure does not support payment by EFT in a foreign country			
	b. Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area			
	c. Where paying by EFT would jeopardize military or law enforcement operations or national security interests			
	d. Where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified			
			Non Comply	Not Applicable
Number	Government Purchase Card and Check Evaluation	Comply		

	Report Check List			
5	<b>RESTRICTED PURCHASES</b>			
	e. Where an agency's need for goods and services is of such an unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT			
	f. When there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT			
6	<b>THIRD PARTY PAYMENTS</b>			
	Purchase card – Cardholders are required to immediately notify the approving official when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt. [AMS Procurement Guidance T3.2.2.5.A.1.f(5)]			
7	<b>USE OF MANDATORY AND STRATEGIC SOURCES</b>			
	Purchase card – Cardholder must determine if a product or service is available from the mandatory sources of supply (NIB, NISH)), or through a strategic sourcing contract (such as SAVES, Dell Blanket Purchase Agreement and Oracle Enterprise Licensing), before making a purchase from the open market [AMS Procurement Guidance T3.2.2.5.A.1.g.(1), T3.2.2.5.A.1.e(4)(s), and T3.8.6]			
8	<b>ADDITIONAL SOURCES OF SUPPLY</b>			
	Purchase card – Cardholders should purchase products and services from small businesses and small businesses owned and controlled by socially and economically disadvantaged whenever possible after mandatory source [AMS Procurement Guidance T3.2.2.5.A.1.g.(2)]			
9	<b>USE OF COMMERCIAL SOURCES</b>			
	Purchase card – If a product or service is not available from a mandatory source, then cardholder must document best value for commercial purchase (i.e., contact 2 or more commercial vendors). Best value includes fair and reasonable price, functional specs, delivery capability and warranty [AMS Procurement Guidance T3.2.2.5.A.1.f(1)(v)]			

10	<b>FISCAL RESPONSIBILITY</b>			
	Purchase card – Cardholders must not split purchase card purchases in order to exceed the authorized single purchase limit. [AMS Procurement Guidance T3.2.2.5.A.1.e.(4)(h)]			
	Credit card check – Credit card checks cannot be written for more than \$2500 each			
Number	Government Purchase Card and Check Evaluation Report Check List	Comply	Non Comply	Not Applicable
10	<b>FISCAL RESPONSIBILITY</b>			
	Purchase card fund availability – Cardholders are responsible for maintaining a revolving balance of available funds as each item is purchased. [AMS Procurement Guidance T3.2.2.5.A.1.e(4)(r)]			
	Credit card check fund availability – Check writers are responsible for tracking their individual available balance and reconciling cleared credit card checks. [AMS Procurement Guidance T3.2.2.5.A.2.f]			
	Purchase card validation – Cardholders are responsible for validating all purchase card purchases and credit transaction items on the monthly statement to the accountable documents (sales slip, credit slip, and phone order form) and submit receipts to approving official, and correct object class code when necessary [AMS Procurement Guidance T3.2.2.5.A.1.e.(4)(n) and T3.2.2.5.A.1.e.(4)(d)]			
	Credit card check validation – The monthly statement must be cross-checked with the check writer’s check register, carbon copy of the check, receipt, and invoice to ensure that the register and statement amounts are the same [AMS Procurement Guidance T3.2.2.5.A.2.s]			
	Purchase card deficiencies/disputes/damaged equipment – Cardholder should seek resolution with vendor when item shortages, receipt of defective items or receipt of wrong items occur. Cardholder must return defective, damaged or erroneous item to vendor within 60 days of receipt. [AMS Procurement Guidance T3.2.2.5.A.1.l(i)]			
	Purchase cardholder must file a dispute form with the bank if they cannot reach a resolution with the vendor for any discrepancies. [AMS Procurement Guidance T3.2.2.5.A.1.l(2)]			

	Credit card check deficiencies/disputes/damaged equipment – Discrepancies must be resolved immediately with the financial institution. [AMS Procurement Guidance T3.2.2.5.A.2.s]			
	Credit card check writers cannot accept cash or store credits made out to check writer for returned items. [AMS Procurement Guidance T3.2.2.5.A.2.t(1)]			
	Check refunds received by the check writer must be forwarded to the servicing accounting office for deposit within one business day. [AMS Procurement Guidance T3.2.2.5.A.2.t.(2)]			
11	<b>THEFT OR LOSS</b>			
	Purchase card – The cardholder must immediately report the loss or theft of the purchase card to the card-issuing bank, the APC, and the approving official to avoid liability for unauthorized purchases on the card. [AMS Procurement Guidance T3.2.2.5.A.1.e(4)(q) and T3.2.2.5.A.1.m ]			
	Credit card check – Check writer must report lost or stolen checks to the financial institution. [AMS Procurement Guidance T3.2.2.5A.2.m]			
12	<b>NON-MONETARY AWARDS</b>			
	<p>Purchase card – If the purchase card is used for non-cash awards (gifts remain a prohibited item), the requirement in the HRP, Recognizing Employees, PM-9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased and given.</p> <p>These records must contain the following:</p> <ul style="list-style-type: none"> <li>(a) The justification for granting the award;</li> <li>(b) The item(s) purchased;</li> <li>(c) The cost of the item(s); and</li> <li>(d) The award recipient.</li> </ul> <p>[AMS Procurement Guidance T3.2.2.5.A.1.f.(4)(a)]</p> <p>It must be emphasized that plaques, trophies, etc. given to employees for high quality work or special projects must not exceed \$75.00. Merchandise that is given to FAA employees is considered non-taxable</p>			



	by the IRS, if its cost does not exceed \$75.00. [AMS Procurement Guidance T3.2.2.5.A.f.(4)(b)]			
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## **Procurement Guidance:**

### **Section 1 : National Checklist .**

## **Procurement Guidance:**

### **Section 1.1 : Roles and Responsibilities.**

#### A. Chief of the Contracting Office (COCO)

- Designate the Agency Program Coordinator in writing
- Monitor internal operating procedures, misuse use of the purchase card, and compliance with FAA policy
- Delegate Purchasing Authority (DPA), in writing to non-warranted individuals. The delegation authorizes the use of the purchase card after these individuals have been trained on the proper use of the card, financial control records, and property management restrictions with the use of the purchase card
- Approve the purchase card maximum single purchase and cumulative monthly limits

#### B. Agency Program Coordinator (APC)

- Complete required APC training identified on intranet at <http://faapcard.amc.faa.gov>
- Establish new purchase card accounts electronically
- Update cardholder account information electronically (to include changes in name, address, phone number, single and/or monthly spending limits)
- Cancel purchase card accounts, electronically, due to termination of employment, infrequent use, non-compliance, and multiple accounts, or suspend
- Work with the lines of business towards obtaining a desirable ratio of cardholders to AO
- Establish and maintain a tracking system to monitor initial and/or refresher training of purchase cardholders and approving officials
- Ensure that all new and existing cardholders and approving officials receive required training on the policy and procedures for use of the card, and sign statement that they have read, understand and agree to follow local and national guidance. Training guidance is on intranet at <http://faapcard.amc.faa.gov>
- Review and restrict merchant category codes to reduce risk of fraud
- Prepare (provide into to) the OMB quarterly report
- Ensure internal controls reflect segregation of duties
- Notify the COCO of any misuse of the purchase card and disciplinary action(s)

#### C. Approving Official (AO)

- Ensure that all cardholders validate purchases and credits that are itemized on the statements.
- Ensure all purchases and credits include proper accounting classification data
- Verify that all purchases are authorized and that copies of sales slips, credit slips, and telephone order forms are on file
- Notify the APC of any misuse of the purchase card and any disciplinary action(s)

#### D. Cardholder

- Provide application to APC (via the AO) with training certificate

- Request single purchase and monthly purchase card limits consistent with need
- Safeguard the purchase card and its account number (only the person's name on the card shall use it or its number)
- Maintain only one card (multiple cards are not permitted)
- Maintain documentation (for 6 yrs. and 3 mos.) for the purchase card procurement
- Notify AO of transfer to a new office or separation from agency prior to action and transfer all purchase card records to AO
- Comply with requirements for selecting from mandatory sources, obtaining best value, and avoid prohibited and split purchases

#### E. Requestor of Purchase Card Procurement

- Prepare justification for procurements
- Acknowledge receipt of purchases

### **Procurement Guidance:**

#### **Section 1.2 : Review Checklist.**

#### **COCO**

☐ Monitor the internal operating procedures, misuse of purchase cards, and disciplinary actions(s)

☐ Monitor compliance with FAST

☐ Delegate Purchasing Authority (DPA) in writing to purchase cardholders

☐ Approve maximum dollar limit for a single purchase

☐ Approve cumulative maximum dollar monthly limit

☐ Delegate Agency Program Coordinator in writing

#### **APC**

☐ Ensure all new and existing cardholders and approving officials receive required training

☐ Ensure cardholders and approving officials sign statement of agreement to follow local and national policies

☐ Establish new purchase card accounts electronically

☐ Update cardholder account information electronically (e.g. name, address, phone number, single/monthly spending limits)

☐ Cancel purchase card accounts, electronically, due to termination of employment, infrequent use, non-compliance, and multiple accounts, or suspend

☐ Communicate with lines of business (LOBs) to seek a desirable ratio of cardholders to AO

- ☐ Establish and maintain a tracking system to monitor initial and/or refresher training of cardholders and approving officials
- ☐ Prepare OMB (provide input to) quarterly report
- ☐ Notify COCO of misuse of purchase card and disciplinary action(s)
- ☐ Ensure internal controls reflect segregation of duties
- ☐ Review restrict merchant category codes
- ☐ Complete required APC training

## **AO**

- ☐ Review and approve requests
- ☐ Certify funds are available
- ☐ Verify receipts and invoices
- ☐ Notify APC of any misuse of purchase card and disciplinary action(s)
- ☐ Monitor purchase cardholder records for compliance with FAST, Section T3.2.2.5.1.f (3)

## **Cardholder**

- ☐ Safeguard the card and its number and not permit use by others
- ☐ Maintain only one (1) card
- ☐ Maintain records and documentation in accordance with FAST, Section T3.2.2.5. 1.f (3)
- ☐ Comply with requirements for selecting from mandatory sources, obtain best value and avoid prohibited and split purchases, FAST Sections T3.2.2.5. 1.g & 1.f (4)
- ☐ Notify AO prior to transferring and/or separating from the agency
- ☐ Order and verify supplies/equipment
- ☐ Provide purchase card application with justification and AO approval to Agency Program Coordinator (APC)
- ☐ Provide evidence of training certification to APC
- ☐ Request single purchase spending limit and monthly cumulative limit consistent with need
- ☐ Obtain prior approval from AO for the procurement

**Requestor**

☐ Prepare justification of procurement

☐ Acknowledge receipt of purchases

**Procurement Guidance:**

**Section 1.3 : Corrective Action Plan.**

## *Corrective Action Plan*

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Org./Routing Symbol: \_\_\_\_\_

Control Number: \_\_\_\_\_

Signature: \_\_\_\_\_

**Procurement Guidance:**  
**Section 1.4 : Purchase Card Review Findings.**

***PURCHASE CARD REVIEW FINDINGS***

**PROCESS INVOLVED**

[ ] Requirements (FAST Section T3.2.2.5) Appendix 5

Review Date:

[ ] FAST Sections T3.2.2.5, Appendix 6

Org/Rtg. Symbol:

[ ] Internal Controls (FAST Section T3.2.2.5) Appendix 6

Control Number:

Signature: \_\_\_\_\_

**Procurement Guidance:**

**Section 1 : Measuring the Effectiveness of the FAA Purchase Card Program.**

**1. Purpose.** The purpose of this document is to provide a guidance tool for use when measuring the effectiveness and efficiency of the performance of the FAA Purchase Card Program.

**2. Background.** During March 2003, the General Accounting Office (GAO) issued Report Number GAO-03-405, FAA Purchase Cards: Weak Controls Resulted in Instances of Improper and Wasteful Purchases and Missing Assets. The GAO report resulted in 27 recommendations to FAA for the enhancement of the purchase card program. In response to Recommendation Number 2, FAA made a commitment to develop metrics for national oversight of the Purchase Card Program. This document contains measurement guidance for use when determining the effectiveness and efficiency of the FAA Purchase Card Program.

**3. Description of FAA Purchase Card Program.** The FAA purchase card is intended to streamline procurement and payment procedures and reduce the administrative burden associated with traditional and emergency purchasing of products and services. The purchase card is used to pay for authorized government services when vendors accept the card. Credit card checks can be used with vendors that do not accept the purchase card. Credit card checks are not to exceed \$2,500.00. Spending restrictions on the FAA purchase card are contained in the cardholder's delegation of purchasing authority letter (DPA). Criteria for the use of the purchase card and credit card check are contained in the Federal Aviation Administration Acquisition System Toolset (FAST), Procurement Guidance, and Section T3.2.2.5.

**4. National Purchase Card Program Oversight.** The National Purchase Card Coordinator (NPC) provides monitoring and oversight of the FAA Purchase Card Program in accordance with the Procurement and Information Services Branch's standard operating procedures. The NPC uses the checklist contained in the Federal Aviation Administration System Toolset (FAST), Section T3.2.2.5, and Appendix 6, to monitor compliance with internal control requirements.

**5. Scope of Measurements.** Program measurements include financial management, internal business processes, and learning completed by APCs,

Cardholders, and approving officials.

**5.1. Financial Management.** Sources include data from the US Bank's database on transactions, financial data from the Department of Transportation, and data from the FAA accounting office. The data is used for measuring cost savings, cost avoidance, reviewing rebates, and analyzing spending trends.

**5.2. Internal Business Processes.** Sources of data include reviewing the FAA purchase card reports that are submitted to OMB on a quarterly basis, reviewing results of APC and approving official audits, and on-site reviews of internal control procedures. The data is used to obtain information on leveraging purchasing power, cost savings, cost avoidance, and purchase card misuse,

**5.3 Learning.** Sources of data include reviewing the APC's tracking records for cardholders and approving officials initial and refresher training. Cardholders and approving officials are required to meet initial and refresher-training requirements contained in FAST, Section T3.2.2.5, and Sections A.1.e.

**6.0. Base-lining.** The effectiveness and efficiency of the purchase card program will be reported annually by comparing the base line year data for FY-2005, with future years. FY-2005 is selected as the base-line year to coincide with the change of the bank service provider from Bank of America to US Bank.

**7.0. Report.** The FAA Purchase Card Program Performance Report is prepared annually by the National purchase Card Coordinator and submitted to the Director, Office of Acquisition & Contracting through the Manager, Acquisition Planning and Policy Division, ATO-A. The first annual report will be issued in January 2006.

#### **References:**

- The Federal Aviation Administration Acquisition System Toolset (FAST), Section T3.2.2.5.
- Government-wide Acquisition Performance Measurement Program, issued by Procurement Executive Council, April 2000.
- Proposed Changes to the Procurement Performance Management system, presented to the PMC, May 19, 2004, by the Acquisition Performance Management Committee.
- DOT Procurement Performance (FY 2004 Report for FY2003 Performance Year) Actions, and PMAT data included in the report.
- OMB Circular A-XX, improving the Management of Government-Issued Charge Card Programs
- GAO-03-405, FAA Purchase Cards, Weak Controls Resulted in Instances of Improper and Wasteful Purchases and Missing Assets, March 2003.
- GAO-04-430, Contract Management, Agencies Can Achieve Significant Savings on Purchase Card Buys, March 2004.

#### **SECTIONS ADDED:**

##### **Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

##### **Section 2 : Purchase Orders**

a. *Purchase order.* A purchase order is a simplified form for ordering supplies or services, generally issued on a fixed-price basis, at stated prices based upon specified terms and conditions. Purchase orders must specify the quantity of supplies or scope of services being ordered and contain a date by which the goods or services must be delivered to FAA.

b. *Unpriced purchase orders.* An unpriced purchase order is an order for supplies or services that does not have a price established at the time of its issuance.

(1) An unpriced purchase order may be appropriate when:

(a) It is impractical to obtain pricing in advance of issuance of the purchase order; or

(b) The purchase is for repairs to equipment requiring disassembly to determine the nature and extent of repairs; the material is available from only one source and for which cost cannot be readily established; or the order is for supplies or services for which prices are known to be competitive but exact prices are not known (e.g. miscellaneous repair parts, maintenance agreements).

(2) Unpriced purchase orders may be issued by using written purchase orders or through various electronic means. A realistic monetary limitation, either for each line item or for the total order, should be placed on each unpriced purchase order. The monetary limitation becomes an obligation subject to adjustment when the firm price is established. The contracting office should follow-up each order to ensure timely pricing. The Contracting Officer (CO) or designated representative should review the invoice price and, if reasonable, process the invoice for payment.

c. *Content.* Purchase orders should contain the following information:

(1) Trade and prompt payment discounts that are offered;

(2) The quantity of supplies or services ordered;

(3) Inspection provisions; origin or destination;

(4) A determinable date by which delivery of supplies or performance of services is required; and

(5) Information should be requested by the preparer of the purchase order as follows:

(a) Vendor's SSN or taxpayer identification number (TIN);

(b) Vendor's business status as one of the following classifications:

(i) Individual/sole proprietorship;

(ii) Corporation;

(iii) Partnership; or

(iv) Other (specify);



(6) The CO's signature. Electronic signatures may be used in the production of purchase orders by automated methods (see AMS Policy 3.1.9).

d. *Clauses.* The CO may print on the purchase order form, or include as an attachment, the clauses they consider to be generally suitable for their purchases. The following forms may be used for purchase orders:

- (1) Optional form 347, Order for Supplies or Services;
- (2) Optional form 348, Order for Supplies or Services Schedule-Continuation; or
- (3) Other agency generated or contractor provided forms.

e. *Procedure.* Procurement under a purchase order valued over \$10,000 must be competed among 2 or more qualified vendors, unless the action is supported by a single source justification (AMS Procurement Guidance T3.2.2.4) or conducted under a small business preference program authorizing noncompetitive awards (AMS Procurement Guidance T3.6.1).

(1) *Competitive Awards.*

(a) Before issuing a request for quotations (RFQ), the CO should develop a listing of potential sources based on the requirement. This list can be derived from sources to include, but not limited to:

- (i) Previous vendors utilized in FAA or source lists kept in the contracting offices;
- (ii) Qualified vendor lists;
- (iii) The requiring or program office;
- (iii) Central Contractor Registration (CCR); and
- (iv) The Office of Small Business Development.

(b) All procurements over \$100,000 must be publicly announced on the FAA Contract Opportunities website or through other means. This requirement does not apply to emergency actions, purchases from an established QVL, exercise of options, or modifications within the scope of a purchase order.

(c) Once a list of potential sources is available, the CO should solicit as many sources as practicable, but must solicit quotations from at least two or more sources. A listing of the vendors to whom the RFQ was distributed, as well as any responses or quotes, must be included in the official file.

(d) Prior to award of the purchase order, the CO must confirm that the vendor is not listed in the Excluded Parties List System (EPLS) and has successfully registered in Central Contractor Registration (CCR). The CO should document this process in the file, which may include simply printing the results from

each search or including a statement of the checks being completed in a memo to file.

(i) EPLS: <http://www.epls.gov/>

(ii) CCR: <http://www.ccr.gov/>

(e) *Vendor Selection*. Once a qualified and responsible vendor is selected, the CO must support the decision with a written determination that the price is fair and reasonable and that the award is in the best interest of FAA. This determination must be included in the official file.

(f) *Price Analysis/Reasonableness*. See AMS Procurement Guidance T3.2.2.5:1.

(2) *Single source awards*.

(a) The rational basis for a single source decision must be documented by the program official, reviewed by legal counsel, and approved by the CO and included in the official file.

(b) There are no predetermined or prescribed conditions for using a single source, and each single source decision stands alone and must be based on the circumstances surrounding each specific need.

(c) Single source procurements over \$10,000 (excluding emergencies) require market analysis to verify that FAA's technical and business interests are best met through a single source.

(d) A single source justification is not required for noncompetitive set-asides to 8(a)-certified Socially and Economically Disadvantaged Business (SEDB) or Service Disabled Veteran Owned Small Business. (See AMS Procurement Guidance T3.6.1).

(e) When the total estimated value is over \$100,000, the CO must issue a pre-award public announcement (excluding emergencies) summarizing the basis for the single source decision.

(f) Additional information regarding single source awards can be found in AMS Procurement Guidance T3.2.2.4.

f. *Acceptance*.

(1) A quotation resulting from a RFQ is not an offer, and cannot be accepted by FAA to form a binding contract. A contract is formed when the supplier accepts the offer, which can be done by:

(a) The supplier accepting the purchase order in writing to FAA. The Contracting Officer should require written acceptance of a purchase order

when it is desired to consummate a binding contract before the contractor undertakes performance; or

(b) The supplier furnishing the supplies or services ordered or by proceeding with the work to the point where substantial performance has occurred.

g. *Modification*. Each purchase order modification should identify the order it modifies, contain an appropriate modification number, and identify what authority is being used to modify the order. The Contracting Officer determines when it is necessary to obtain a contractor's written acceptance of a purchase order modification. Purchase orders may be modified by using:

- (1) Standard Form 30, Amendment of Solicitation/Modification of Contract;
- (2) An agency-designed form or an automated format; or
- (3) A purchase order form.

h. *Termination*. A purchase order may be terminated, and the process to terminate an order depends on whether the order has been accepted.

- (1) If the purchase order has been accepted in writing by the contractor, the termination should be processed in accordance with AMS termination clauses.
- (2) If the purchase order has not been accepted in writing by the contractor, the CO should notify the contractor in writing that the purchase order has been canceled and request the contractor's acceptance of the cancellation. If the contractor:
  - (i) Accepts the cancellation and does not claim that costs were incurred, no further action is required.
  - (ii) Does not accept the cancellation or claims that costs were incurred, the CO should process the termination in accordance with the termination clauses.

i. *Purchase order checklist and Simplified Purchase Summary*.

- (1) Any purchase order with an anticipated value of \$10,000 or more must include a Purchase Order/GSA/FSS Order File Checklist (see Procurement Forms) in the official file.
- (2) The CO may choose to use the Simplified Purchase Summary (see Procurement Forms) to document actions associated with the award of a purchase order.

#### **Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

#### **Section 5 : FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops**

a. FAA-sponsored conferences, seminars, ceremonies, and workshops are a routine element of FAA operations. FAA personnel must consider certain special requirements when planning and conducting such events.

b. *Coordinating Space Needs.* FAA should use Government-owned space when available in the location of the conference and if it satisfies all of FAA's needs. When adequate Government space is not available, conference planners may obtain commercial space. Before renting short-term meeting space, conference planners must coordinate with the cognizant FAA real property organization. In metropolitan Washington, DC, the Washington Area Facilities Management Office (ALO-100) coordinates use of both commercial and General Services Administration-controlled space. Personnel in Centers, and Service Areas should consult with their cognizant facilities management office or real property organization. After the request for conference space has been coordinated through the facilities management office or real property organization, conference planners may then discuss requirements with meeting space vendors or hotels. The conference or meeting space must not be used or occupied until an agreement is signed by a Contracting Officer (CO) or the space has been purchased by a person with delegated purchasing authority. (See AMS Real Estate Guidance 2.4.6, Appendix F, for more information on short-term conference and meeting space).

c. *Procurement Method.* Any procurement mechanism, such as a contract, purchase order, BPA, or purchase card, may be used to purchase short-term conference or meeting space and related services.

(1) The FAA purchase card may be used to pay for meeting space and services. Cardholders cannot purchase food or beverage, *except* light refreshments for FAA award ceremonies or food and beverage for official receptions using the Administrator's reception and representation funds. When an all-inclusive, fixed price meeting space or service includes food and beverage, the purchase card cannot be used as a procurement method, but can be used to make payment against a duly executed contract signed by a warranted CO. (See AMS Procurement Guidance T3.2.6, Purchase Card Program, for additional information and restrictions related to the use of the purchase card).

(2) A commercial rental or lease agreement for meeting space or services must be signed by a CO or other person delegated purchasing authority. The amount of the agreement must be within the dollar limits of the procurement authority of the person signing the agreement. Cost of meeting space and services cannot be intentionally split to avoid limits on delegated procurement authority.

d. *Unauthorized Commitment.* Conference planners should be cautious about making any commitments involving commercial meeting space and services. Conference planners may visit facilities, discuss space needs, collect pricing information, tentatively reserve space (only if at no cost and without **any** liability), or request other conference-related information. They cannot make any commitment until a written agreement is signed by a CO or the space is acquired by a person delegated purchasing authority. An agreement signed by anyone other than a CO or space obtained by anyone other than a person delegated purchasing authority is an unauthorized commitment.

e. *Travel-related Costs.* Employee's travel, hotel, local transportation, and per diem must be paid for using the FAA travel card. An employee's travel-related costs cannot be paid for under a contract, purchase order, or FAA purchase card.

f. *Items for Distribution to Conference Attendees.* Generally, personal use items cannot be purchased and given to conference attendees. Under certain narrow conditions, items with nominal cost and limited use, such as buttons, pens, notepads, or mugs, may be purchased and distributed at an FAA-sponsored conference **if** the items convey an appropriate message specifically related to the conference and directly supports FAA's mission. Conference planners must consult with legal counsel before purchasing any items to be distributed to conference or event attendees.

g. *Food and Beverage.*

(1) The FAA may purchase food and beverage for conference participants under the following narrowly defined circumstances:

(a) *Formal Conferences.*

(i) The term "formal conference" usually denotes topical matters of interest to and participation of multiple agencies and/or non-Governmental participants. Other indicators are registration, published substantive agenda, scheduled speakers and discussion panels.

(ii) The meals, beverages, and refreshments must be incidental to the conference.

(iii) Attendance at the meals and attendance when the refreshments are provided must be important for the FAA to ensure full participation in essential discussions, lectures, or speeches concerning the purpose of the conference.

(iv) The meals, beverages, and refreshments must be part of a formal conference that includes both substantial functions at the time the meals, beverages and refreshments are served and substantial functions separate from when food, beverages, or refreshments are served.

(v) At formal conferences where the above criteria are met, FAA may also pay for the food, beverages, and refreshments of private citizens or Federal employees from other agencies when an administrative determination is made that their attendance is necessary to achieve the program or conference objectives.

(b) *Internal FAA Training Conferences.* The meals, beverages, and refreshments must be:

(i) Incidental to the conference;

(ii) Attendance at the meals must be necessary for full participation in the conference; and

(iii) The employees and members are not free to take meals elsewhere without being absent from the essential business of the meeting.

(c) *FAA Workshops*. FAA may pay a facility rental fee that includes the cost of food or beverages provided to FAA employees where the fee is all-inclusive, not negotiable and competitively priced to those that do not include food.

(d) *Award Ceremonies*. FAA may purchase light refreshments for award ceremonies. The FAA purchase card may be used to purchase light refreshments.

(e) *Cultural Awareness Ceremonies*. FAA may purchase food or beverage if part of a formal program intended to both advance Equal Employment Opportunity objectives and provide cultural or ethnic awareness. Food and beverage must be part of a culture's food and beverage and offered as part of a larger program that serves an educational function.

(f) *Official Receptions*. For official receptions hosted by the Administrator (or designated senior executive) for foreign or non-Federal dignitaries, FAA may purchase light refreshments, meals, snacks, and beverage. The Administrator's official reception and representation funds must be used for these events (see FAA Order 1200.3). The FAA purchase card may be used to purchase food or beverage for these events.

(2) Except for FAA award ceremonies and the Administrator's official receptions, FAA purchase card cannot be used as a procurement vehicle for food and beverage; a purchase order or contract must be used instead. However, the purchase card may be used to make payment against a duly executed contract signed by a warranted CO.

(3) Food and beverage costs must be reasonable, must not include alcoholic drinks, and cannot be purchased for amusement or social events, such as "hospitality suites" (except hospitality functions at official receptions).

(4) FAA cannot purchase food and beverage for routine meetings (to include offsite meetings) to discuss day-to-day operations.

h. *Justification for Food and Beverage*. Before contracting for a conference or other event with food and beverage, the Director (or equivalent management level) of the organization sponsoring the event and legal counsel must approve a written justification explaining why food and beverage is necessary. The justification must describe:

(1) Nature and purpose of the event;

(2) Applicability of the event to FAA's programs or activities;

(3) Any statutory, regulatory, or other authority for the event;

- (4) Participants;
- (5) Dates;
- (6) Facility and location;
- (7) Estimated cost; and
- (8) Reason why food and beverage is necessary.

i. *Registration Fees.* Registration fees are payments collected by FAA, or a support contractor on behalf of FAA, from private and other public participants attending an FAA-sponsored conference. If FAA wishes to charge a registration fee, it must have statutory authority to do so. Under 31 U.S.C. 3302(b), FAA must deposit registration fees in the U.S. Treasury, unless there is specific statutory authority for FAA to keep and use fees collected. The FAA currently has statutory authority to credit back to its operations account authorized collections; therefore conference planners should check with legal counsel before depositing authorized registration fees into the general treasury. FAA may not authorize a conference support contractor to charge a fee to offset costs. However, in cases when the FAA co-sponsors a conference and the co-sponsor incurs the cost of the conference without FAA reimbursement, the co-sponsor is permitted to collect registration fees to cover its costs.

**Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 6 : Use of Appropriated Funds to Purchase Business Cards**

a. The FAA may use appropriated funds to purchase business cards for individual employees. Associate/Assistant Administrators, ATO Vice Presidents, and Regional Administrators/Center Directors determine who in their organization are authorized business cards, paid for with appropriated funds, to conduct FAA business. Authority for this determination may be delegated to a lower level.

b. Business cards purchased with appropriated funds are Government property. Employees should exercise good judgment and caution when using their cards in situations not directly related to conducting FAA business.

c. All FAA business cards must comply with FAA branding logo and template requirements established by FAA Order 1700.6C. See FAA Employee website at [https://employees.faa.gov/tools\\_resources/branding\\_writing/standards\\_tools/business\\_cards/](https://employees.faa.gov/tools_resources/branding_writing/standards_tools/business_cards/) for additional information.

d. Purchasers must use one of two printing sources when appropriated funds are used to purchase business cards:

(1) FAA Aeronautical Center's Media Solutions Group; or

(2) Lighthouse for the Blind, Inc., Seattle, WA (pursuant to the mandatory source requirements of the Javits-Wagner-O'Day Act (JWOD)). Ordering information is on-line at: <http://lighthousestore.org/>

## SECTIONS EDITED:

### **T3.2.2.5 - Commercial and Simplified Purchase Method (Revision 20, January 2008)**

**Old Content:** Procurement Guidance:

**T3.2.2.5 - Commercial and Simplified Purchase Method (Revision 20, January 2008) New Content:** Procurement Guidance:

**T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008) Red Line Content:** Procurement Guidance:

**T3.2.2.5 - ~~Commercial and~~ Simplified Purchase Method (Revision ~~20~~21, ~~January~~October 2008)**

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### **Section 1 : Purchase Card**

**Old Content:** Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*  
*Simplified Purchasing*

#### **Section 1 : Purchase Card**

a. The FAA purchase card i.e., SmartPay Card, is the internationally accepted Mastercard credit card. The purchase card is issued through General Services Administration (GSA) contract with a credit card bank, e.g., U.S. Bank. FAA employees who receive training and a Delegation of Purchasing Authority (DPA) are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. GSA is responsible for both administering the contract and dealing with the day-to-day operations of the Government-wide Purchase Card Program. The GSA Contracting Officer is the only individual authorized to alter the terms and conditions of the contract. Copies of the contract, GS-23F-980002, may be obtained from the following address: General Services Administration, Federal Supply Service, Services Acquisition Center FCXST, Washington D.C. 20406. The address of U.S. Bank is: U.S. Bank Government Services; P.O. Box 6347; Fargo, ND 58125-6347. The telephone number is 1-888-994-6722 or call collect to 1-701-461-2232 if outside the United States.

c. The FAA purchase card is intended to streamline procurement and payment procedures and reduce the administrative burden associated with traditional and emergency purchasing of products and services under the commercial and simplified acquisition procedures. The purchase card is used to pay for authorized government purchases and should be the "primary purchasing method" when vendors accept credit cards for commercial and simplified purchases, unless otherwise prohibited (See paragraph 1.f (2) Prohibited Purchases).



d. The card issuing bank, U.S. Bank has established an authorization process whereby the vendor checks via a telecommunications system each time the purchase card is used. This authorization ensures that the purchase is within the limits established for each individual account.

e. *Key Management Officials*

The roles and responsibilities of persons in the purchase card program are identified in the following Sections e(1) through e(6).

**(1) The Manager**, Procurement Information and Services Team, AJA-432, is responsible for the overall management of the purchase card program.

**(2) The Chief of the Contracting Office (COCO)** for the Purchase Card Program is a Government employee who is responsible for the activities identified in Sections (2)(a) through 2(e).

(a) Manage the FAA Purchase Card Program.

(b) Designate in writing the Agency Program Coordinator (APC)

(c) Issue a Delegation of Purchasing Authority (DPA) Letter to non-warranted individuals. The DPA establishes the maximum single purchase and monthly spending limits.

(d) Monitor purchase card program internal operating procedures, misuse of purchase cards, and compliance with FAA policy and procedures. The COCO has the authority to re-delegate this responsibility to an individual within their organization.

(e) Receive reports from APC of fraudulent or improper use of the purchase card, and take necessary actions to notify appropriate managers, security and investigative organizations, and/or take administrative actions to suspend the purchase card.

**(3) The Agency Program Coordinator (APC)** and/or alternate APC are Government employees who receive a written letter from the COCO designating them as the APC or alternate. The letter describes their roles and responsibilities. The APC or alternate must not be a purchase cardholder. The responsibilities of the APC or alternate are identified in Sections (3)(a) through (3)(o).

(a) Receive application from the approving official for new purchase cardholder and submits the approved purchase card forms to the card issuing bank for processing.

- (b) Receive request from the approving official for changes in individual cardholder's single and monthly spending limits and submits changes to the card issuing bank for making changes.
- (c) Submit changes in cardholders approving officials, and cardholder's account cancellations to the card issuing bank for making changes.
- (d) Ensure new cardholders and approving officials receive initial training on purchase card procedures and refresher training every two years.
- (e) Establish and maintain a tracking system to monitor account information (to include changes in address, telephone number, single/or monthly spending limits and approving official).
- (f) Perform data mining to identify questionable purchases and notifies the COCO and appropriate manager for action as needed.
- (g) Work with lines of business towards obtaining an acceptable ratio of no more than 10 cardholders per approving official.
- (h) Cancel the purchase cards of cardholders who transfer to another organization or leave the Agency.
- (i) Cancel multiple purchase card accounts.
- (j) Cancel cardholder purchase card accounts that are not used within 1 year.
- (k) Review and restrict specific merchant codes to reduce the risk of fraud or misuse.
- (l) Report fraudulent or improper use of the purchase card to the COCO for action as needed.
- (m) Recommend to COCO the suspension for six months the purchase card privileges on noncompliant cardholders, and ensure remedial training is provided and completed by the cardholder before card privileges are restored.
- (n) Take initial and then refresher training every two years. The initial minimum training requirements include the following:
- GSA SmartPay Training on-line;
  - Access online training;
  - Simplified Acquisition Procedures Course;
  - Appropriation Law Course.
  - Refresher training may include participation in DOT or GSA training conferences.

(o) Provide monitoring and oversight of approving officials to ensure segregation of duties and compliance with FAST. The checklist guide of items monitored by the APC is contained in Section D, Appendix 5.

**(4) The National Purchase Card Coordinator (NPC)** is a Government employee who provides National program monitoring and oversight of the purchase card program. In addition, the NPC provides liaison between purchase card activities in regions, centers, headquarters, the Department of Transportation (DOT), and external government organizations. The NPC is responsible for the activities identified in Sections (4)(a) through (4)(e).

(a) Conduct FAA-wide reviews of the purchase card program, and national program monitoring and oversight, and prepare reports for submission to the COCO. The reports contain findings and corrective actions. A checklist of internal controls monitored by the NPC and the corrective action guide is contained in Section D, Appendix 6.

(b) Serve as liaison for the Director, Acquisition Policy and Contracting, AJA-4, with the General Accounting Office (GAO), Inspector General Office (IG), DOT, and FAA headquarters, regions, and centers organizations on purchase card inquiries and issues

(c) Coordinate requests for evaluating and auditing the purchase card program.

(d) Initiate and coordinate policy and guidance changes for the purchase card program.

(e) Take initial training and then refresher training every two years. The training requirements are the same as those identified for the APC (Section A.1e(3)(m)).

**(5) The Approving Official (AO)** is a Government employee who is responsible for the activities identified in Sections (5) (a) through (5) (i).

(a) Take initial training and then refresher training every two years. The minimum training requirements include the following:

- GSA SmartPay Training that is on-line. A copy of the training certificate is provided to the APC;
- The bank's computer system training that is on-line and identified as Access online;
- Review of the purchase card program requirements that are in FAST, Procurement Guidance, Section T3.2.2.5, and submit a signed statement to the APC indicating that they (approving officials) have read, understands and agrees to follow guidelines for the purchase card program;
- Review of the property control requirements that are contained in FAA Order 4650.21 C.

Refresher training includes providing a certification to the APC that the AO has read, understands, and agrees to follow all local and national guidance covered in the initial purchase card training. The certification form is available at the web site: <http://faapcard.amc.faa.gov>.

(b) Establish internal controls to ensure prior approval by cardholder and the segregation of duties. Key duties and responsibilities in authorizing, processing/recording, certifying availability of funds, and reviewing official agency transactions should be separated among individuals. Note, the individual who makes the purchase cannot be the same individual who approves the purchase;

(c) Establish procedures to ensure that cardholder purchase card files are retained in the office when a cardholder transfers to another office or leaves the agency;

(d) Submit the application for a new purchase cardholder to the APC for establishing a new Cardholder's account;

(e) Validate accounting classification code data contained on the bank statement to ensure correct accounting string;

(f) Ensure the cardholder validates approved purchases, credit refunds, and that purchases are within authorized spending limits;

(g) Submit a written request to the APC to change the cardholder's single and/or monthly purchase limit;

(h) Report fraudulent or improper use of the purchase card to the APC;

(i) Conduct reviews of internal controls at least on a quarterly basis (i.e., March, June, September, and December), and take corrective actions if needed.

**(6) The Cardholder** is a Government employee who makes purchases and is responsible for activities identified in Sections (6)(a) through (6)(h).

(a) Take initial training and then refresher training every two years. The minimum training requirements include the following:

- GSA Smart Pay Training that is on-line. A copy of the training certificate is provided to the APC;
- The bank's computer system training that is on-line and identified as Access online;
- Review of the purchase card program requirements that are in FAST, Procurement Guidance, Section T3.2.2.5;
- Review of the property control requirements that are contained in FAA Order 4650.21C.

Refresher training includes providing a certification to the APC that the cardholder has read, understands, and agrees to follow all local and national guidance covered in initial purchase card training. The certification form is available at the web site: <http://faapcard.amc.gov>.

(b) Safeguard the purchase card and account number. Only the individual whose name appears on the card is authorized to use it. Allowing someone other than the cardholder to use the card, or sharing passwords to obtain products and services is considered an unauthorized purchase that is subject to disciplinary action as outlined in the Human Resources Operating Instructions (HROI) Table of Penalties;

(c) Obtain prior approval from the approving official prior to making a purchase. The approving official is required to approve the justification of each individual transaction for need and accuracy. The cardholder will obtain written confirmation of any verbal approval within 10 days of receiving the verbal approval;

(d) Designate the accounting classification code (ensuring correct object class codes) for each item procured. Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card. The cardholder is responsible for validating the correct accounting classification code for each item purchased, and the certification that funds are available;

(e) Purchase products and services from Javits-Wagner-O'Day (JWOD) organizations and suppliers. FAA does not have a waiver procedure to buy from other than JWOD products. See FAST, Procurement Guidance, Section T3.8.4, for guidance on JWOD requirements;

(f) Determine if products (e.g. furniture) are available through Federal Prison Industries (UNICOR). A written waiver from UNICOR is not required for items up to \$2,500 from outside sources; See FAST, Procurement Guidance, Section T3.8.4 for guidance on UNICOR requirements;

(g) Utilize the Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) Program. See the FAA Employee Website "Your Work Tools" for guidance on the SAVES Program.

(h) Cardholders must provide copies of source documents relating to purchases of accountable personal property (Invoice, Purchase Order, etc.) to appropriate personnel for guidance (See T3.2.2.5A:1:f(1)(b))

*f. Administrative Matters.*

*(1) Documentation.*

(a) All cardholder purchase card transactions must be supported by the following:

- (i) Written proof of prior approval;
- (ii) Certification of funds availability (See paragraph 1.h Availability of Appropriations),
- (iii) A sales slip or invoice;
- (iv) A telephone log entry (for telephone purchases);
- (v) Check for availability from a mandatory source (See paragraph 1.g Selecting Potential Sources). If item is not available from a mandatory source, then best value (i.e., contact 2 or more vendors) must be documented or obtain verification of price from catalogs and descriptive materials;
- (vi) A receiving report;
- (vii) For exceptions to prohibited purchases (e.g., light refreshments for awards ceremonies);
- (viii) Additional supporting documentation is needed for special transactions such as training.

(b) Cardholder purchase card transaction source documentation must be routed as follows:

- (i) Cardholder must provide a suspense copy of the purchase card order (written proof of prior approval) for accountable personal property to the Property Delegate in the gaining organization after placing the order.
- (ii) Cardholder also must provide the Property Custodian (Manager) of the gaining organization written notification by providing a copy of the purchase card order or by other acceptable means;
- (iii) After receiving the property, the Cardholder address must provide the source documents (invoices, sales slips, packing slips and/or receiving reports) for the purchase to the Property Delegate for entry into official agency inventory system and to clear the suspense copy of the purchase card order;
- (iv) If the source documents have not been received within five (5) business days after the Shipping Date, the Property Delegate must contact the Cardholder to determine the status of the shipment and request copies of the source documents.

(v) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet at: <http://ats.awa.faa.gov/aaf/afz/500/processguides/processguides.html> under the title FAA Personal Property Process and Procedure Guide 5-22-06

(2) *Prohibited Purchases.*

(a) The GSA contract stipulates that the purchase card may not be used for the following:

(i) *Rental or lease of land or buildings.* Exception: the purchase card may be used to purchase short-term commercial conference and meeting-room space;

(ii) Cash advances, including money orders;

(iii) Telephone services controlled by the GSA or the local Office of Information Services or Regional Communications Office. However, telephone equipment may be purchased using the card.

(b) The use of the purchase card for personal purchases or as identification when writing personal checks is prohibited.

(c) The use of appropriated funds for the following purposes is prohibited (For additional guidance concerning these prohibitions, consult legal counsel):

(i) Food items for meetings and conventions (except that the purchase card can be used to purchase light refreshments, e.g. coffee, tea, donuts, etc. for award ceremonies);

(ii) Gifts to include store gift cards/certificates, office retirements;

(iii) Membership fees for individual employees (except the Agency may purchase membership in a society or association in its own name);

(iv) Personal expenses and furnishings, this includes clothing, decorations, and food for personal use or consumption except as authorized by Human Resources Policy Manual (HRPM) 9.2. Note that the use of the purchase card to purchase an item of clothing that is required in order to perform job duties or functions is permitted, e.g. the purchase of a pair of safety shoes or a uniform. This purchase should be coordinated with the procurement office;

(v) Drinking water, except when a duly constituted public health authority pronounces the ordinary drinking water to be unsafe for human consumption at the site;

(vi) Subscriptions to publications or magazines, not relating to official duties;

(vii) Rental of aircraft by persons not in aircraft related positions;

(viii) Fans, air conditioning and cooling equipment, space heaters and heating equipment, except as properly installed for general use in connection with the maintenance and operations requirements for the site;

(ix) Water coolers, or vacuum cleaners and other household appliances, except as requisitioned for general use by the authorities charged with building maintenance and equipment.

(d) The purchase card cannot be used to purchase real property (land, buildings, or other structures). See Real Property Guidance, Chapter 5, Section II.A.20 for exceptions.

(e) Use of the purchase card, in lieu of the travel charge card, for travel-related expenses is prohibited

(f) Use of the purchase card to obtain commercial, government owned or leased vehicles, and/or to purchase fuel is prohibited. The purchase card can be used for the purchase of fuel for utility machines such as lawn mowers, engine generators, fork lifts, and snowmobiles.

(g) Cardholder service purchase (i.e. landscaping, snow removal, security services), for the same function, some contractor, and some location are limited to \$2,500.00 per procurement. Reference is made to Service Contact Act.

(h) Cardholder construction purchases for the same function, same contractor, same Location and limited to \$2,000.00 per procurement. Reference Davis-Bacon Act and FAST Section T3.6.2.

(3) *Restricted Purchases.* The acquisition of high cost, high quantity items (e.g., computer equipment, hand-held radios, snowmobiles or any item over the amount of \$500.00) or sensitive items should be centrally purchased within the region, center or headquarters line of business (LOB) to take advantage of the economies of scale and equipment standardization and be in accordance with FAA Order 4650.21C.

(4) *Purchase card use for non-monetary awards.*



(a) If the purchase card is used for non-cash awards (gifts remain a prohibited item), the requirement in the HRP, Recognizing Employees, PM-9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased and given. These records must contain the following:

(i) The justification for granting the award;

(ii) The item(s) purchased;

(iii) The cost of the item(s); and

(iv) The award recipient.

(b) It must be emphasized that plaques, trophies, etc. given to employees for high quality work or special projects must not exceed \$75.00. Merchandise that is given to FAA employees is considered non-taxable by the IRS, if its cost does not exceed \$75.00.

(5) *Third Party On-line Payments.* Cardholders are required to immediately notify the approving official when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Also cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt.

(6) *Section 508 Requirements.* Cardholders are required to purchase products and services that comply with federal requirements for Section 508 of the Rehabilitation Act. FAA standards for Section 508 Purchase Card Operating Procedures are available at the following website: <http://faapard.amc.faa.gov>.

(7) *Environmental Requirements.* The Resource Conservation and Recovery Act, Section 6002, requires the purchase of recycled content (recovered materials) products designated by the Environmental Protection Agency (EPA). The EPA maintains a list of designated recycled-content products and recommends the percentages of recycled content that the products must contain. Agencies can refer to [www.epa.gov/cp2](http://www.epa.gov/cp2) for a complete list of designated products, EPA's recommendations, and additional information. (b) Electronic Products Environmental Assessment Tool (EPEAT) is a tool that provides a list of energy consuming products that meets standards.

*g. Selecting Potential Sources.*

(1) Each cardholder must determine if the product or service is available through the mandatory sources of supply (Federal Prison Industries (UNICOR), National Industries for the Blind (NIB), National Industries for the Severely Handicapped (NISH) and other JWOD organizations before making a purchase from the open market. However a written waiver from UNICOR is not required for each procurement to purchase items up to \$2500.00 from outside sources. FAA does not have a waiver procedure to buy products

from other than JWOD organizations and suppliers. (See FAST, Procurement Guidance, Section T3.8.4. for JWOD requirements).

(2) The AMS stipulates that small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals will be given reasonable opportunities to provide products and services purchased by the FAA; therefore, cardholders should purchase from these sources whenever possible except as required in section T3.8.4, A.2 Mandatory Government Sources.

(3) An appropriate number of vendors should be contacted to ensure quality products and services are delivered in a timely manner at the best value to the FAA consistent with the AMS policy 3.2.2.5.

(4) When purchasing general office supplies, office equipment (printers, copiers, and multi-functional devices), IT hardware (enterprise servers and peripherals), courier services (overnight mail), or printing, each card holder must determine if the product is available through a Strategic Sourcing for the Acquisition of Equipment and Supplies (SAVES) contract or other FAA-wide initiatives, such as the Dell Blanket Purchase Agreement (BPA) and FAA Oracle Enterprise Licensing, before making a purchase. (See AMS Procurement Guidance T3.8.6 Strategic Sourcing).

h. *Availability of Appropriations.* The FAA shall comply with the Anti-Deficiency Act (31 U.S.C. 1341) and other fiscal laws. Restrictions on the purposes for which appropriated funds may be used come from a variety of sources, including the U.S. Constitution, appropriation acts, and decisions of the Comptroller General. Funds certification officers must provide a written allocation of funds availability. This can be done on a quarterly, semi-annual or annual basis. Cardholders are responsible for maintaining a revolving balance of available funds as each item is purchased.

i. *Acquisition of Training Services.* The FAA purchase card is encouraged for use to the maximum extent possible to acquire training by appropriate training coordinators, if they are delegated cardholders. It is important to ensure that proper coordination of training requirements has taken place prior to training being purchased, e.g. completed training checklist, needs assessment, and whether or not the training is being purchased by a training coordinator or not.

j. *Tax Exemption.* At the time of the purchase, cardholders should advise the merchant that the purchase is for official U.S. Government purposes and therefore is not subject to state or local tax. If the vendor wants to clarify this, the back of the card includes an 888 number that may be called for verification. Exceptions do exist for certain state taxes in certain states, i.e., New Mexico. For this reason, cardholders should contact legal counsel regarding applicability of any exemptions or other issues related to state or local taxes for specific information about excepted states.

(1) A review should be made of the bank statement for inclusion of sales tax. If sales tax was included, first check for the state exception. If sales tax is charged in error, request a credit from the vendor.

(2) All new purchase cards should be checked to ensure that the Operating Administration's name and the tax ID are embossed on the card.

*k. Finance Office.* Finance offices receive monthly finance office reports from the card-issuing bank that reflects summary totals of all purchases and credits of each cardholder. The finance office report represents the invoice from the bank and should be date stamped when received. The finance office is responsible for certifying for payment all authorized card purchases.

*l. Deficiencies/Disputes/Damaged Equipment*

(1) If the cardholder finds a discrepancy that is the result of item shortage, receipt of a defective or damaged item, or receipt of the wrong item, the first step is to contact the vendor to seek resolution. The cardholder should request a replacement item or a credit from the vendor. If the cardholder and vendor reach an agreement, the credit will appear on the cardholder's account statement for the following month. The cardholder should return the defective, damaged or erroneous item to the vendor within 60 days of receipt.

(2) If the cardholder and vendor cannot reach an agreement on resolution of the discrepancy, then the cardholder must file a dispute form with the bank to formally dispute the purchase. The bank will credit the purchase cardholder's account until the dispute is resolved.

*m. Lost or Stolen Purchase Cards and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card to the APC, the approving official and the card-issuing bank in order to avoid liability for unauthorized purchases on the card. The cardholder must also report immediately to those indicated above a compromised account (i.e. identity theft) or suspicion of a compromised account. The necessary information to report to the card-issuing bank includes the cardholder's complete name, card number, and purchases made on the date of loss or theft. In the event of theft, the cardholder should also provide the bank the date that the theft was reported to the police.

(2) *Card Re-issuance.* The card-issuing bank will issue a new card to the cardholder within two working days from the time that the loss or theft is reported. A cardholder who reports more than one incident of loss or theft within a 12-month period will require authorization from the COCO in order to have another card re-issued.

*n. Accounting Classification Code Adjustments.* Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card, i.e., whatever the office is primarily purchasing. For example, Flight Standards offices may have a primary use of the card for aircraft rental. The card may be used for purchases other than the "primary use" purpose; however, the action will require a different accounting classification code assignment. All cardholders and approving officials are required to review the monthly bank statements upon receipt each month. The cardholder is required to assign the correct object class code for each

item purchased. The approving official is required to review the statement for accuracy, the potential for split purchases, and approve each individual transaction.

o. *Cardholder Non-Compliance.* The purchase card privileges of any cardholder found to be non-compliant with purchase card guidance twice in a six-month period will be suspended for six months. The cardholder's privileges may be restored upon completion of remedial training or permanently revoked. The purchase card is considered government property. The FAA will comply with the FAPM Letter 2635 Code of Conduct & Discipline Order, HRPm 4.1 on Standards of Conduct, and HROI Table of Penalties for any purchase cardholder, approving official, supervisor, and manager misuse and/or fraud of government property.

**New Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 1 : Simplified Purchasing**

a. *Scope of Simplified Purchasing.* Simplified purchasing covers methods used to obtain noncomplex products or services through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to noncomplex products or services that have been sold at established catalog or market prices or where prices can be determined fair and reasonable (see AMS Policy 3.2.2.5).

b. *Simplified Purchasing vs. Complex Source Selection.* The complexity of FAA's requirement shapes the complexity of the process to solicit, evaluate, and select a vendor. Contracting methods described in AMS Policy 3.2.2.3, Complex Source Selection, are generally not a time and cost efficient means for acquiring noncomplex products and services. There are exceptions to this consideration, such as when the procurement involves cost-reimbursement pricing or indefinite-delivery arrangements, both noncomplex and complex work is required, in-depth evaluation is needed to select the best qualified vendor, or extensive contract terms and conditions are necessary.

c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate, either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

d. *Funding.* All applicable funding requirements detailed in AMS Procurement Guidance T3.3.1 apply to procurement conducted using simplified methods. This includes:

(1) Compliance with the Anti-Deficiency Act;

(2) Ensuring sufficient funds are available;

(3) Ensuring awards made subject to the availability of funds include the appropriate AMS Clauses (i.e., AMS Clause 3.3.1-10, Availability of Funds, or AMS Clause 3.3.1-11, Availability of Funds for the Next Fiscal Year); and

(4) Ensuring that severable services crossing fiscal years are awarded using appropriate funds, and that the contract period does not exceed one year.

e. *Mandatory Sources and Other Requirements.* When using simplified purchase methods, COs or others with procurement authority (to include purchase card holders) must consider the following requirements:

(1) *Strategic Sourcing Initiatives.* This includes the following:

(a) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES). The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR).* For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act.* FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD).* FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS).* When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements.* FAA must procure products and services that comply with federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

(7) *Environmental Requirements.* FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

(8) *Labor Laws.* Depending on the nature of the requirement, FAA must comply with applicable labor laws when conducting procurements (i.e. the Davis Bacon Act for construction of over \$2,000, the Service Contract for applicable services over \$2,500, and

the Walsh-Healey Public Contracts Act for materials, supplies, articles, or equipment exceeding \$10,000). (See AMS Procurement Guidance T3.6.2 for additional information)

f. *Set-asides*. Purchases with an anticipated value between \$10,000 and \$100,000, except those conducted using a purchase card, are automatically reserved for competition among SEDB (8(a)) vendors, unless the purchaser, with review of the cognizant Small and Small Disadvantaged Utilization Specialist, determines there is not a reasonable expectation of obtaining quotes or offers from responsible SEDB 8(a) concerns that are competitive in terms of market prices, quality, and delivery. More information on set-asides, to include SEDB 8(a) and others, is available in AMS Procurement Guidance T3.6.1.

g. *Competition*.

(1) *Over \$10,000*. Purchases over \$10,000 must be competed among two or more qualified vendors, unless the proposed action is supported by a single source justification or is set-aside under a small business preference program authorizing noncompetitive awards.

(2) *Under \$10,000*. Competition is encouraged, but not mandatory for purchases under \$10,000. Purchasers should consider the administrative cost of the purchase versus potential savings that could result from competition. Purchases under \$10,000 on a single source basis do not require file documentation justifying the single source decision. However, purchasers should use sound business judgment and have a documented reasonable basis for any decisions involving purchases.

(3) Purchasers may obtain competition by reviewing commercial catalog/price lists, or by soliciting quotes informally by telephone, email, or fax, or formally through written or electronic methods of request for quotation or offer.

h. *Solicitation*.

(1) *Request for Quotation*. A request for quotations (RFQ) may be used to obtain information on prices and availability of products and services. An RFQ is generally used when the purchaser expects to place an order, but does not wish to bind the vendor at the time the quotation is received. All of the terms and conditions to be included in any purchase that may result from the RFQ are to be included in the RFQ. An RFQ may be either written or oral.

(2) *Request for Offer*. A request for offer (RFO) is appropriate when the purchaser needs some amount of discussion to clearly communicate needs and to understand products and services being offered. The purchaser should discuss all aspects of the RFO, including quality, warranty, payment and other significant aspects included in a written RFO. An RFO may be used when non-price-related information and evaluation is necessary.

i. *Discounts*. Quantity discounts are usually offered for purchasing a specific quantity or dollar value of items at one time, or a specified dollar total over an agreed-upon time period. A trade

discount from the catalog/commercial list price is one that is offered to all customers by a vendor. This may include promotion of seasonal, new or slow-selling items or special discounts offered by a manufacturer or dealer. A prompt payment discount is one that is offered by a vendor for payment by the Government before the date payment is due. Such discounts are not considered in the evaluation of quotes or offers, but any discount offered is included in the award. The purchaser should seek discounts when appropriate.

j. *Competition- Evaluation and Basis for Award.*

(1) Purchasers must consider all timely and responsive quotations or offers received.

(2) Requirements solicited on an all-or-none basis specify that prospective vendors must furnish all of the requested items to be considered for award. If vendors are informed in the request for quotation or offer, the purchaser may consider the lowest cost alternative between a single award and multiple awards based on the prices for each item and the administrative costs of making multiple awards.

(3) An award is made to the responsive and responsible vendor offering the best value to FAA. Purchasers may evaluate vendors on the basis of lowest priced, technically acceptable offer or quote, which will result in the best value to FAA.

(4) Non-price related evaluation factors, such as past performance, quality, qualifications, delivery terms or warranties, may also be evaluated but must be communicated to vendors.

k. *Price Reasonableness.*

(1) *Purchases Under \$10,000.* Purchasers do not need to document price analysis for purchases when they find no justifiable reason to question that the price is fair and reasonable. The administrative cost of verifying price reasonableness of purchases may more than offset potential savings from detecting instances of overpricing. When there are doubts about the reasonableness of the price, the purchaser should obtain additional quotes or take other action to verify price reasonableness, such as reviewing current published price lists, reviewing historical prices for purchases of the same or similar item or service, or requesting data from the vendor on sales prices to other customers.

(2) *Purchases Over \$10,000.* Procurements over \$10,000 must be supported by a written determination by the purchaser that the price is fair and reasonable. When possible, this determination is based on competition. When awards are made without competition or when only a single responsive quote or offer is received, the purchaser must use other price analysis techniques to determine if the price is reasonable. Price analysis techniques that the purchaser may consider, along with the independent Government cost estimate, include:

(a) Comparison of prior pricing for the same or similar items or services in comparable quantities;

- (b) Application of rough yardsticks (e.g. dollars per pound or horsepower) to highlight significant inconsistencies that warrant additional pricing inquiry;
- (c) Comparison with current published catalog or market prices, similar indexes, or discount or rebate arrangements;
- (d) Ascertaining that law or regulation establishes pricing; and
- (e) Other information gained through a market survey.

l. *Documenting the Award Decision.* Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A.4, Prohibited and Restricted Purchases), then the award decision must, despite the dollar value of the purchase, document the basis and background for the purchase.

(1) *Purchases under \$10,000.* Documentation is not required except for awards that, without documentation, would appear questionable to a “reasonable person” with market knowledge of the products or services being purchased.

(2) *Purchases over \$10,000.* The purchaser must record prices received, names of vendors contacted, and discounts, and other terms quoted by each vendor. If competitive quotes or offers were solicited and award was made to other than the lowest priced, technically acceptable vendor, the purchaser must document evaluation criteria and results, and basis for the award decision.

m. *Rotating Awards for Requirements under \$10,000.* When possible and economically feasible, purchasers should distribute simplified purchase awards of widely available products and services among vendors.

n. *Requisitioner Role.*

(1) The requisitioner defines the requirement by supplying applicable information or documentation to the purchaser that includes, but is not limited to, the following:

- (a) Part numbers;
- (b) Item descriptions;
- (c) Statements of work and specifications;
- (d) Packaging and shipment requirements;
- (e) Inspection and acceptance requirements;



(f) Funding and any required approvals; and

(g) Suggested vendors.

(2) As necessary, the requisitioner may assist the purchaser with evaluation of offered products and services.

(3) As part of market research, requisitioners may contact potential vendors about product or services offered, pricing, quality, warranty, delivery terms, and other information. Requisitioners should clearly communicate to prospective vendors that the contact is for market research purposes only and is not a commitment to purchase.

*o. Inspection and Acceptance.*

(1) Acceptance by a FAA representative constitutes acknowledgement that the supplies or services received conform to applicable contract or purchase requirements. Acceptance is documented using an inspection and acceptance form such as FAA Form 256, by a commercial shipping document or packing list, or through other means to include annotation on the purchase order form.

(2) Acceptance of the supplies or services is the responsibility of the CO or cardholder. This responsibility may be assigned to a program office or center representative.

(3) Each award must specify the place of acceptance as well as other necessary acceptance provisions.

**Red Line Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 1 : ~~Purchase Card~~ Simplified Purchasing**

a. ~~The FAA~~ Scope ~~purchase card of Simplified i.e Purchasing.~~ SmartPay Card, is the internationally accepted ~~Mastercard credit~~ Simplified purchasing covers methods used card to ~~The purchase card is issued~~ obtain noncomplex products or services through ~~General Services Administration (GSA) contract with a credit card bank, e.g. contract, U.S. Bank. FAA~~ purchase employees order, who receive blanket purchase training agreement, and a Delegation of Federal Supply Schedule Purchasing order. Authority Simplified (DPA) purchase are authorized methods apply to use noncomplex the products card, or within the specified dollar services that have been limits, sold to acquire products and at established catalog or services. b. market ~~GSA is responsible for both administering the contract~~ prices or where prices can be determined fair and dealing reasonable with (see the AMS day to day Policy operations 3.2.2.5).

b. of Simplified the Purchasing Government wide vs. Purchase Card Complex Source Program Selection. The ~~GSA Contracting Officer is the only individual authorized to alter the complexity terms and conditions of the contract. FAA's Copies of requirement shapes~~ the

contract, GS-23F-980002, may be obtained complexity from of the following address: General Services Administration, Federal process Supply Service to solicit, Services Acquisition Center FCXST evaluate, Washington D.C. 20406. The address of U.S. Bank is: U.S. Bank and Government select Services; a P. Ovendor. Box 6347; Fargo, ND 58125-6347. The telephone number is 1-888-994-6722 or call collect to Contracting 1-701-461-2232 methods if outside the United States described in AMS Policy 3. e2. The FAA purchase card 2.3, is intended Complex Source to Selection, streamline procurement and payment procedures are generally not a time and reduce the administrative burden associated with cost traditional and emergency purchasing of efficient means for acquiring noncomplex products and services under the commercial and simplified acquisition procedures. The purchase card is used There are exceptions to pay for authorized government purchases and should be the this "primary consideration, purchasing such method" as when vendors accept the credit cards procurement involves for cost-reimbursement commercial and pricing or simplified indefinite-delivery purchases arrangements, unless otherwise prohibited (See paragraph 1.f (2) both Prohibited noncomplex Purchases). d and The card issuing bank complex work is required, U.S. Bank has established an authorization process whereby the vendor checks via a telecommunications system each time the purchase in-depth card evaluation is used. This authorization needed ensures that to select the purchase best is qualified vendor, within the limits established for each individual account or extensive contract terms and conditions are necessary.

ec. Key Management Officials The roles and responsibilities Authorized users of persons in the FAA purchase card program are identified in the must following Sections use methods e(1) described through in e(6) T3. (1) The 2.6 Manager, when Procurement procuring Information items; and however, Services Contracting Team, Officers AJA-432, (CO) is responsible for the overall management or others delegated procurement authority outside of the purchase card program. (2) The Chief of the Contracting may determine which purchasing method Office is (COCO) appropriate, for the either Simplified Purchase Card Program is a Method Government employee who or Complex Source is Selection, responsible for based on the activities identified in Sections factors (2)(a) surrounding through each 2(e) procurement.

(a) Manage the FAA Purchase Card Program d. (b) Designate in Funding, writing the Agency Program Coordinator All applicable funding requirements detailed (APC) (c) in Issue a Delegation AMS Procurement Guidance of T3.3.1 Purchasing Authority apply to (DPA) procurement Letter to conducted using non-warranted simplified individuals methods. The DPA establishes the maximum single purchase and monthly spending This limits. includes:

(d) 1 Monitor purchase card program internal operating procedures, misuse of purchase cards, and compliance Compliance with FAA policy and procedures. The COCO has the authority to re Anti-delegate this responsibility to an individual within their Deficiency organization. Act;

(e) 2 Receive reports from APC of fraudulent or improper use of the purchase card, and take necessary actions Ensuring to notify appropriate managers, security and investigative organizations, and/or sufficient take administrative actions to suspend the funds purchase are card available;

(3) ~~The Agency Program Coordinator (APC) and/or alternate APC are Government employees who~~Ensuring ~~receive a~~awards ~~written letter from~~made subject to the COCO~~availability~~ designating them as~~of funds include~~ the APC or alternate. The letter describes their~~appropriate~~ roles and~~AMS Clauses~~ responsibilities~~(i. The APC or alternate must not be~~e., a purchase cardholder~~AMS Clause 3. The 3.1-10,~~ responsibilities~~Availability~~ of the APC~~Funds,~~ or alternate are identified in~~AMS~~ Sections~~Clause~~ (3)(a) through (3)(e). (a) Receive application from~~1-11,~~ the approving official~~Availability of Funds~~ for new purchase cardholder and submits the approved purchase card forms to the card issuing~~Next~~ bank~~Fiscal~~ for~~Year);~~ processing~~and~~

~~(b4)~~ Receive request from the approving official for changes in individual cardholder's single and monthly spending limits and submits changes to the card~~Ensuring~~ issuing bank for making~~that severable services crossing~~ changes. ~~(c)fiscal~~ Submit changes in cardholders approving officials~~years are awarded using appropriate funds,~~ and cardholder's account cancellations to~~that~~ the card issuing bank for~~contract period does not~~ making~~exceed one~~ changes~~year.~~

~~(d)~~ Ensure

~~e. new~~Mandatory ~~cardholders~~Sources and approving~~Other~~ officials receive~~Requirements.~~ initial training on~~When using simplified~~ purchase card procedures and refresher training every two years. (e) Establish and maintain a~~methods,~~ tracking system to monitor account information~~COs or others with procurement authority~~ (to include changes in address, telephone number,~~purchase single/or card~~ monthly~~holders~~) spending limits and approving~~must consider the following~~ official)~~requirements:~~

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~~(f1)~~ Perform data mining to identify~~Strategic~~ ~~questionable~~Sourcing ~~purchases~~Initiatives. and notifies~~This includes~~ the COCO and appropriate manager for action as needed~~following:~~

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~~(ga)~~ Work with lines of business towards~~Strategic~~ obtaining an acceptable ratio~~Sourcing for the Acquisition~~ of no more than 10~~Various~~ cardholders per approving~~Equipment and Supplies~~ official. ~~(hSAVES)~~ Cancel the purchase cards of cardholders who transfer to another organization or leave the~~The SAVES program is a mandatory source for some equipment and office supplies~~ Agency. ~~(i)see~~ Cancel multiple~~AMS~~ purchase card accounts~~Procurement Guidance T3.~~ ~~(j8.6)~~ Cancel cardholder purchase card accounts that are not used within 1 year.

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~~(kb)~~ Review and restrict specific merchant codes to reduce the~~The~~ risk of fraud or~~Dell Blanket Purchase Agreement~~ misuse. ~~(lBPA)~~ Report fraudulent or improper use of the purchase card to the COCO for action as needed.

(m2) Recommend to COCO the suspension for six months the purchase card privileges on Federal noncompliant Prison cardholders Industries, and ensure remedial training is provided and completed by the cardholder before card privileges are restored Inc. - (n FPI) Take initial and then refresher training (also every two known as years UNICOR). The initial minimum training requirements For those products available through include FPI, the following: GSA SmartPay Training on line; Access online training; Simplified Acquisition Procedures Course; Appropriation Law Course. Refresher training may include procedures participation detailed in DOT or AMS GSA training conferences Procurement Guidance T3. (o) Provide monitoring and oversight of approving officials to ensure segregation of duties and compliance with FAST8. - The 4, checklist guide Government Sources of items monitored by the APC is contained in Products/Services, Section must D, be Appendix 5 strictly followed.-

(4) The National Purchase Card Coordinator

(NPC3) is a Government employee who provides National program monitoring and oversight of the purchase card Randolph-Sheppard program Act. - In addition, the NPC provides liaison between purchase card activities FAA must first consider the blind in regions, centers, headquarters, the Department operation of Transportation (DOT), and external vending government organizations facilities. - The NPC is responsible for the activities (See identified in Sections AMS Procurement Guidance (T3.8.4)

(a4) through Javits-Wagner-O'Day (4) Act (e, JWOD). (a) Conduct FAA-wide reviews of the purchase card must first consider program, items and national program monitoring and services available through the oversight, AbilityOne and Program prepare (formerly reports JWOD) for submission before going to the other COCO sources. - The reports contain (See findings and corrective actions AMS Procurement Guidance T3. - A checklist of internal controls monitored by the NPC and the corrective action guide is contained in Section D, Appendix 68.4)

(b5) Serve as liaison for the Director, Acquisition Policy and Contracting, AJA-4, with the General Accounting Office Services Administration (GAO GSA); Inspector General Office Federal Supply Schedules (IG FSS), DOT, and FAA headquarters, regions, and centers organizations on purchase, card inquiries and When procuring items issues - (c) through Coordinate requests a GSA for FSS, evaluating and auditing FAA must follow the purchase card program. (d) Initiate and coordinate policy and guidance procedures changes for the purchase card program detailed under AMS Procurement Guidance T3. (e) Take initial training and then refresher training 8.3, every two years Federal Supply Schedules. The training requirements are the same as those identified for the APC (Section A.1e(3)(m)). (5) The Approving Note Official that (AO) GSA is a Government employee not who is responsible a mandatory source for the activities identified in Sections (5) (a) through (5) (i) FAA.

(a6) Take initial training and then refresher training every Section two years 508 Requirements. - The minimum training requirements FAA include the must procure following: GSA products SmartPay Training and services that is on line. A copy comply of the training certificate is provided to with federal requirements for Section 508 of the APC; The

bank's computer system training that is on-line and identified as Access Rehabilitation on-line; Act. Review of the purchase card program requirements that are in (See FAST, AMS Procurement Guidance, Section T3.2.2.5, and submit a signed statement to the APC indicating that they )

(approving officials 7) have read, understands and agrees to follow guidelines for the purchase card program; Review of the property control requirements that are contained in FAA Order 4650.21 Environmental Requirements. Refresher training includes providing a certification to the APC that the AO has read FAA should acquire environmentally preferable, understands, energy and agrees to follow all water local efficient, and national guidance covered recycled in the initial purchase card training content products and services when possible. The certification form (See is available at AMS Procurement Guidance the T3.6.3 web for site: additional <http://faapcard.amc.faa.gov> information)

(b 8) Establish internal controls to Labor ensure Laws. prior approval by cardholder and Depending on the nature of the segregation requirement, of FAA duties: must Key duties and responsibilities in authorizing, processing/recording, certifying availability of funds, and reviewing official agency transactions should be separated among comply individuals. with Note, the individual who makes the purchase cannot be the same individual who approves the purchase; (c) Establish procedures to ensure that applicable cardholder purchase card files are labor retained in the office laws when a cardholder transfers to another office or leaves conducting the procurements agency; (d) Submit i.e. the application for a new purchase cardholder to Davis the APC Bacon Act for establishing a new Cardholder's account; (e) Validate accounting classification code construction data contained of over on \$2,000, the bank statement to ensure correct accounting string; (f) Service Ensure the cardholder validates approved Contract for applicable services over purchases \$2, credit refunds 500, and that purchases are within authorized spending limits; (g) Submit a written request the to Walsh-Healey the APC to change Public Contracts Act for the materials, cardholder's supplies, single articles, and/or monthly purchase equipment exceeding limit; (h) \$10,000) Report fraudulent or improper use (See of the purchase AMS Procurement Guidance card T3.6.2 to the for additional APC; information)

(i) Conduct reviews of internal controls at least

f. on Set-asides. a quarterly basis Purchases with an (i.e., anticipated March value June between September \$10,000 and December) \$100, and take corrective actions if 000, needed. (6) except The those Cardholder conducted is using a Government employee who makes purchase purchases card, and is responsible are automatically reserved for activities identified competition in Sections among SEDB (6) 8(a) through (6) (h). (a) Take initial training and then refresher training every two years. The minimum training requirements vendors, include unless the following: GSA Smart Pay Training that is on-line purchaser. A copy with review of the training certificate cognizant is provided to the Small and Small Disadvantaged APC; The Utilization bank's Specialist, computer system training that is determines there is not a on-line reasonable and identified as Access expectation of obtaining quotes online; Review or of the purchase card offers from responsible SEDB program 8(a) requirements concerns that are in FAST, Procurement Guidance, competitive Section in T3.2.2.5; Review terms of the property control requirements that are contained market in prices, FAA quality, Order 4650 and



delivery. 21C. Refresher training includes providing a certification to the APC that the cardholder More has information read, on understands set-asides, and agrees to follow all include SEDB local 8(a) and national guidance covered in initial purchase card training. The certification form others, is available at the web in AMS Procurement site: Guidance <http://faapeardT3.ame6.gov1>.

(b) Safeguard the purchase card and account number

g. Only the individual whose name appears on the card is authorized to use it Competition.

(1) Allowing Over someone \$10,000, other Purchases than over the \$10,000 cardholder to use the must be competed among card, two or sharing passwords more qualified to vendors, obtain products and services unless the proposed action is considered an unauthorized purchase that supported is subject to disciplinary action as outlined by a single source justification or is inset-aside the Human Resources Operating Instructions under a small business preference (HRO) program Table of authorizing noncompetitive Penalties; awards.

(e2) Obtain prior approval from the approving official prior to making a Under purchase \$10,000. The approving Competition official is required to approve the justification of encouraged, each individual transaction but not mandatory for need purchases and under accuracy \$10,000. The cardholder will obtain written confirmation of any verbal Purchasers approval within 10 days of should receiving consider the verbal administrative approval; (d) cost Designate of the accounting classification code (ensuring purchase correct versus object class potential savings codes) that for each item procured could result from competition. Each Purchases cardholder under \$10,000 has on a primary single use or source basis "default" do accounting classification code based on not require file documentation justifying the primary use of single the card source decision. The cardholder is responsible for validating the correct accounting classification code for each item purchased However, and the certification that funds are available; (e) Purchase products and purchasers services from should use Javits-Wagner O'Day sound (JWOD) business organizations judgment and suppliers. FAA does not have a waiver procedure to buy from other than JWOD products. See FAST, Procurement Guidance, documented Section reasonable T3.8.4, basis for guidance on JWOD any decisions involving requirements; purchases.

(f) Determine if products (e.g. furniture) are available through Federal Prison Industries

(UNICOR3). A written waiver Purchasers from UNICOR is may not required for items up obtain competition by reviewing commercial to catalog/price \$2 lists, 500 from outside or by sources; soliciting See quotes FAST; informally Procurement Guidance by telephone, Section T3.8.4 for guidance on UNICOR requirements; (g) Utilize the Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) Program. See the FAA Employee Website "Your Work Tools" for guidance on the SAVES Program. (h) Cardholders email, must or provide fax, copies of source documents

relating to purchases or formally through written or electronic methods of accountable personal property (Invoice, Purchase Order, etc.) to appropriate personnel request for guidance quotation (See or T3.2offer.2.5A:1:f(1)(b))

f

h. Administrative Matters Solicitation.

(1) Documentation. (a) All cardholder purchase card transactions must be supported by the following: (i) Written proof of prior approval; (ii) Certification of funds availability (See Request paragraph for 1 Quotation.h Availability of Appropriations); (iii) A sales slip or request for quotations invoice; (iv) RFQ) A may telephone log entry be used to (for obtain telephone information purchases); (v) on Check for prices and availability from a mandatory source (See paragraph 1.g of Selecting Potential products and Sources) services. If item An RFQ is not generally available from a mandatory used when the purchaser source, expects then best value to place an (i.e. order, contact 2 or more vendors) must be documented or obtain verification of price from catalogs and descriptive materials; (vi) A receiving but report; (vii) does For exceptions not wish to prohibited purchases (e.g., light bind refreshments for awards the vendor at ceremonies); (viii) the Additional supporting documentation time the quotation is needed for special transactions such as training received. (b) Cardholder purchase card transaction source documentation must be routed as follows: (i) Cardholder must provide a suspense copy All of the purchase card order terms and conditions (written to proof of prior be included in approval) any for accountable personal property to purchase that may result from the Property RFQ Delegate in the are gaining organization after placing to be included in the order RFQ. (ii) Cardholder also must provide the Property Custodian (Manager) An of the gaining organization RFQ may be either written notification by providing a copy of the purchase card order or by other acceptable means; oral.

(iii) After receiving the property, the Cardholder address must provide the source documents

(invoices, sales slips, packing slips and/or receiving reports) 2) Request for the purchase to the Offer. Property Delegate A request for entry into official agency inventory system and to clear the suspense copy of the purchase card order; (iv) If the source documents have not been received within offer five ( SRFO) business days after the is Shipping appropriate Date, when the Property Delegate must contact the Cardholder purchaser needs some amount of discussion to determine the status of clearly the shipment communicate needs and request copies of the source documents. (v) More detail relating to Property understand Custodian/Delegates roles are located on products the FAA Intranet and services being at: offered. <http://ats.awa.faa.gov/aaf/afz/500/processguides/processguides.html> under the title FAA Personal Property Process and Procedure Guide 5-22-06 (2) Prohibited Purchases. (a) The GSA contract stipulates that the purchase card purchaser should discuss all aspects of the may RFQ, not including be quality, used warranty, for the payment and following: (i) other Rental significant or lease of land or aspects included

in a written buildings RFO. Exception: the purchase An card RFO may be used to purchase when short non-term commercial conference and meeting price-room space; (ii) Cash advances, including money orders; (iii) Telephone services controlled by the GSA or the local Office of Information Services or Regional Communications Office. However, telephone equipment may related be purchased using the card information and evaluation is necessary.

(b)

i. The Discounts, use of the purchase card Quantity discounts are usually offered for personal purchases or as identification when writing purchasing personal checks is a specific quantity prohibited. (c) or The use dollar value of appropriated funds items for the at one following time, purposes is prohibited or a specified (For dollar additional guidance concerning total over an these agreed-upon prohibitions, time consult period. A legal trade counsel): (i) discount Food items from the for catalog/commercial meetings and conventions list price is (except one that the purchase card can be is used offered to purchase light refreshments, e.g. all coffee, customers tea, by donuts, a etc vendor, for award ceremonies); (ii) Gifts This to may include store promotion gift of cards/certificates seasonal, office retirements; (iii) Membership fees for individual new employees or (except slow-selling the Agency may purchase membership in items or special discounts offered by a society manufacturer or association in its own name) dealer; (iv) Personal expenses and furnishings, this includes clothing, decorations, and food for personal use or consumption except as authorized A prompt payment discount is one that is offered by Human Resources Policy Manual a (HRPM) vendor 9.2 for Note that payment by the use Government of before the purchase card to purchase an item of clothing date that payment is required in order to perform job duties due. Such or functions is discounts are not permitted; considered e.g. in the purchase of a pair evaluation of safety shoes quotes or a uniform. This purchase should be coordinated with the procurement office; (v) Drinking water offers, except when a duly constituted public health authority pronounces the ordinary drinking water to but be unsafe for human consumption at any discount offered is included in the site award; (vi) Subscriptions to publications or magazines, not relating to official duties; (vii) Rental of aircraft by The persons not in aircraft related purchaser should seek discounts when positions; appropriate.

(viii) Fans, air conditioning and cooling equipment, space heaters and heating equipment, except as properly installed for general use in connection with

j. the Competition- maintenance Evaluation and operations requirements Basis for the site; Award.

(ix) 1 Water Purchasers coolers, must or vacuum cleaners consider all timely and other household appliances, except as requisitioned for general use by responsive the authorities charged with building quotations maintenance and equipment or offers received.

(d) 2 The purchase card cannot Requirements be used to solicited on an purchase all-or-none real property basis specify (land, that buildings, prospective or other vendors must structures); furnish See Real Property all of the Guidance; requested Chapter items 5 to



Section ~~be~~ H.A.20 ~~considered~~ for exceptions ~~award~~. (e) Use of the purchase card, ~~informed~~ in lieu of the travel charge card, ~~request~~ for travel-related expenses is prohibited. (f) Use of the purchase card to ~~quotation~~ obtain commercial ~~or offer~~, government ~~the~~ owned or leased ~~purchaser may consider~~ vehicles, and/or ~~the~~ to purchase fuel is ~~lowest cost alternative between~~ prohibited. ~~a~~ The purchase card can be used for ~~single award and multiple awards based on~~ the purchase of fuel ~~prices~~ for utility machines such ~~each~~ as lawn ~~item and~~ mowers, ~~the~~ engine ~~administrative~~ generators, ~~costs~~ for ~~of~~ lifts, ~~making~~ and snowmobiles ~~multiple awards~~.

(g) ~~3~~ Cardholder service purchase (i.e. landscaping, snow ~~An~~ removal, ~~award~~ security ~~is~~ services), ~~made~~ for ~~to~~ the same function, ~~responsive~~ some ~~and~~ contractor, ~~responsible~~ and some location are limited ~~vendor offering the best value~~ to \$2,500 ~~FAA~~.00 per procurement. Reference is made to Service Contract Act. (h) ~~Purchasers~~ Cardholder construction purchases for ~~may evaluate vendors on~~ the same ~~basis~~ function, ~~of~~ same contractor ~~lowest priced~~, same Location ~~technically~~ and limited to ~~acceptable offer or~~ \$2 ~~quote~~,000.00 per ~~which~~ procurement. ~~will~~ Reference ~~result~~ Davis Bacon ~~in~~ Act and FAST Section ~~the best value to~~ T3.6.2 ~~FAA~~.

(3) ~~4~~ Restricted Purchases. The acquisition ~~Non-price~~ of high cost ~~related evaluation factors~~, high ~~such~~ quantity items ~~as past~~ (e.g. ~~performance~~, computer equipment ~~quality~~, hand-held radios ~~qualifications~~, snowmobiles or any item over the amount of ~~delivery~~ \$500.00) ~~terms~~ or sensitive items should be centrally purchased within the region ~~warranties~~, center or headquarters line of business (LOB) to take advantage of the economies of ~~may~~ scale and equipment standardization and ~~also be evaluated but must~~ be in accordance with FAA ~~communicated~~ Order ~~to~~ 4650.21C ~~vendors~~.

(4)

~~k~~ Purchase card use for non-monetary ~~Price~~ awards ~~Reasonableness~~.

(a) If the purchase card is used for non-cash awards (gifts remain a prohibited item ~~I~~), the requirement in the HRPM, Recognizing Employees, PM 9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased ~~Purchases and Under given~~ \$10,000. These records must contain the ~~Purchasers do not need to~~ following: (i) ~~document~~ The justification ~~price analysis~~ for granting ~~purchases~~ the ~~when~~ award; (ii) ~~they~~ The ~~find~~ item(s) ~~no~~ purchased; (iii) ~~justifiable~~ The cost of ~~reason to question that~~ the item(s); ~~price~~ and (iv) ~~is~~ The award recipient ~~fair and reasonable~~. (b) It must be emphasized that ~~The administrative cost~~ plaques, ~~of~~ trophies, ~~verifying~~ etc. ~~price~~ given to employees for high-quality work or special projects must not exceed ~~reasonableness of purchases may more than offset potential savings from detecting instances of~~ \$75 ~~overpricing~~.00. Merchandise that is given ~~When~~ to FAA employees is considered ~~there are doubts about the~~ non-taxable ~~reasonableness~~ by ~~of~~ the IRS ~~price~~, if its cost does not ~~the~~ exceed ~~purchaser~~ \$75.00. (5) ~~should~~ Third ~~obtain~~ Party ~~additional~~ On-line ~~quotes~~ Payments. ~~or~~ Cardholders are required ~~take other action~~ to immediately notify ~~verify~~ the ~~price~~ approving ~~reasonableness~~, official when they become aware that ~~such as reviewing current published price~~ ~~alists~~, purchase card purchase will

be processed by a third party reviewing historical prices for purchases of the same or similar on-line item payment or company service. Also cardholders must provide or requesting data from the approving official a copy of all documentation that supports the vendor on-line payment transaction within five days of item receipt sales prices to other customers.

(62) Section Purchases 508 Over Requirements \$10,000.-- Cardholders are required Procurements over to \$10,000 purchase products and services that comply with federal requirements for Section 508 of the Rehabilitation must be supported by a written determination by the purchaser that the price is fair Act and reasonable. FAA When standards possible, for Section 508 Purchase Card this determination is based on Operating competition. Procedures are available at the following When awards are made without competition website: http://faapard.amc.faa.gov. (7) or Environmental when Requirements-- only The Resource Conservation and Recovery a single responsive quote or Act, offer Section 6002 is received, requires the purchase of recycled content purchaser must use other (recovered price materials) analysis products designated by the Environmental Protection Agency techniques to determine if the price is (EPA) reasonable. The EPA maintains a list of designated recycled content Price products and recommends analysis techniques that the percentages purchaser of may recycled consider, content that along with the products independent must Government contain-- cost Agencies estimate, can include:

(a) refer to Comparison of www.epa.gov/cp2 for prior a complete list of designated pricing for the same or products, similar EPA's sitem recommendations, or and additional services in information: comparable quantities;

(b) Electronic Products Application Environmental Assessment Tool of rough yardsticks (EPEAT) is a.e.g. tool that provides a dollars per pound or list horsepower of energy consuming products to highlight significant inconsistencies that meets standards. g. warrant Selecting additional Potential pricing Sources: inquiry;

(1c) Each cardholder must Comparison determine if the product with current published catalog or service is available through the mandatory sources of supply (Federal market Prison prices, Industries similar (UNICOR) indexes, National Industries or for the Blind discount or rebate arrangements;

(NIBd); National Industries for the Severely Handicapped Ascertaining that law or regulation establishes (NISH) pricing; and other

(e) JWOD organizations before making Other information gained through a purchase from the open market. However a written waiver from UNICOR is not required for each procurement to purchase items up to \$2500 survey.

1.00 from Documenting outside the sources. Award FAA Decision. does Purchasers not should have a waiver procedure to buy products from other than rational JWOD organizations and suppliers basis for purchasing decisions. (See FAST, Procurement Guidance, Section T3.8.4. for JWOD requirements). (2) The AMS stipulates that small businesses and small businesses owned and controlled by socially and economically disadvantaged extent individuals will be given reasonable opportunities to provide products of documentation substantiating purchase decisions depends on the value and services purchased circumstances by of the FAA; therefore, cardholders should purchase from these sources whenever possible except as required in section T3.8.4, A.2 Mandatory Government Sources. (3) An appropriate number of vendors should be contacted to ensure quality products and services are delivered in If the purchase involves an item that is a timely manner at the best viable value exemption to the an FAA consistent with applicable prohibition or the restriction (See AMS policy Procurement 3 Guidance T3.2.2.5. (A.4) When purchasing general office supplies, office equipment (printers, copiers, and multi-functional devices), IT hardware (enterprise servers Prohibited and peripherals), courier services (overnight mail Restricted Purchases), or printing, then each card holder the award decision must determine, if despite the product is available through a Strategic Sourcing for the dollar Acquisition value of Equipment and Supplies (SAVES) contract or other FAA wide the initiatives purchase, such as document the Dell Blanket Purchase Agreement (BPA) basis and FAA Oracle background Enterprise Licensing, before making for at the purchase. (See AMS Procurement Guidance T3.8.6 Strategic Sourcing).

h. (1) Availability of Purchases under Appropriations. \$10,000 The FAA shall comply with the Anti-Deficiency Act (31 U.S.C. 1341) and other fiscal laws. Documentation Restrictions on the purposes is not required except for which appropriated funds may be used come from a variety of sources, including the U.S. awards Constitution that, appropriation without acts documentation, and decisions of the Comptroller General. Funds certification officers must provide a written allocation of funds availability. This can would be done on appear questionable to a quarterly, semi-annual or annual basis. Cardholders are responsible for “reasonable maintaining person” a revolving balance with market knowledge of available funds the as each item is products or services being purchased.

i.

(2) Acquisition of Purchases Training over Services. \$10,000. The FAA purchase card is encouraged for use to the maximum extent possible to acquire training purchaser by appropriate training coordinators must record prices received, if they are delegated cardholders. It is important to ensure that proper coordination names of training requirements has taken place prior to training being purchased, e.g. completed training vendors checklist contacted, needs and assessment discounts, and whether or not the training is other being purchased terms quoted by a training coordinator or not. j. Tax each Exemption vendor. At the time of the purchase, cardholders should advise the merchant that the purchase If is for official competitive quotes or U.S. offers Government purposes were solicited and therefore is award not subject was made to state or local tax. other If than the vendor lowest wants priced, to clarify this technically acceptable vendor, the back of purchaser the card includes an 888 must document evaluation

criteria and number results, that may be called for verification and basis for the award decision. Exceptions

m. de Rotating exist Awards for certain state taxes in Requirements certain under states \$10, i.e. 000.; New When Mexico, possible For this reason and economically feasible, cardholders purchasers should contact legal distribute counsel regarding applicability simplified purchase awards of any exemptions or other issues related to state or widely local taxes for specific information available products and services among about vendors.

n. excepted Requisitioner states Role.-

(1) A review should be The made of requisitioner defines the bank statement for inclusion of sales tax. If requirement sales tax was by supplying applicable included, information first check for or documentation to the state exception. purchaser If that sales includes, tax but is charged not in error limited to, request the following:

(a) credit Part from numbers;

(b) the Item vendor descriptions;

(2c) All Statements new purchase cards of work and should specifications;

(d) be checked to Packaging and shipment ensure requirements;

(e) that the Operating Inspection and acceptance Administration requirements;

(f) name Funding and the tax ID any are required embossed approvals; and

(g) the card Suggested vendors.

k. Finance Office. Finance offices receive monthly finance office

(2) reports As from necessary, the card-issuing bank that reflects requisitioner summary totals may of all purchases and credits assist the purchaser with evaluation of each cardholder. The finance office report represents offered the invoice from the bank products and should be date stamped when received. The finance office is responsible for certifying for payment all authorized card purchases. services. Deficiencies/Disputes/Damaged Equipment

(13) If the cardholder finds a discrepancy that is the result of item shortage, receipt of a defective or damaged item, or As receipt part of the wrong market item research, the first step is requisitioners to may contact the vendor to seek resolution. The cardholder should request potential a replacement item vendors about product or a credit services from offered, the pricing, vendor quality, If warranty, the delivery cardholder terms, and vendor he credit will appear on the other cardholder information. &#8217;160;s account Requisitioners statement for the following month. The cardholder should return

the defective, damaged or erroneous clearly item communicate to the vendor within 60 days of prospective receipt. (2) vendors If that the cardholder and vendor cannot reach an agreement on contact resolution of the is for market discrepancy, research then the cardholder must file purposes only and is not a dispute form with the bank commitment to formally dispute the purchase. The bank will credit the purchase cardholder's account until the dispute is resolved.

mo. Lost or Stolen Purchase Cards Inspection and/or Compromised Accounts Acceptance.

(1) Reporting Lost or Purchase Stolen Cards and/or Acceptance Compromised by Accounts. a The cardholder must report immediately FAA representative constitutes acknowledgement that the loss supplies or theft of their purchase card to the APC, the approving official and the card issuing bank in order to avoid liability for unauthorized purchases on the card. The cardholder must also services report immediately received conform to those indicated above a compromised account (i.e. identity applicable theft) contract or suspicion of a compromised purchase account requirements. The necessary information to report to the card issuing bank includes the cardholder's complete name, card number, and purchases Acceptance made on the date of loss or is documented using an inspection and acceptance theft form. In the event of theft such as FAA Form 256, the cardholder should also provide the bank the date that the theft was reported to the police. (2) Card Re-issuance. The card issuing bank will issue by a new card to the cardholder within two working days from the time that commercial the loss shipping document or theft is reported. A cardholder who reports more than one incident of packing loss list, or theft within athrough 12-month other period will require authorization from means to include annotation on the COCO in purchase order to have another card re-issued form.

n. Accounting Classification Code Adjustments. Each cardholder has a primary use or "default" accounting classification code based on the primary

(2) use Acceptance of the card, i.e., whatever supplies the office or services is primarily purchasing. For example, Flight Standards offices may have a primary use of the card for aircraft rental. The card may be used for purchases other than the "primary use" purpose; however, the action will require a different accounting classification code assignment. All cardholders and approving officials are required to responsibility review of the monthly bank statements upon receipt each CO month. The or cardholder is required to assign the correct object class code for each item purchased. The approving official is required to review the statement for accuracy, the potential for split purchases, and approve each individual transaction. o. Cardholder Non-Compliance. The purchase card privileges of any cardholder found to be non-compliant with purchase card guidance twice in a six-month period will be suspended for six months. The cardholder's This privileges responsibility may be restored upon assigned completion of remedial training to a program office or permanently revoked. The purchase card is considered government center property representative. The

~~(3) FAA will comply with~~Each award must specify the ~~FAPM Letter 2635 Code of Conduct & Discipline Order, HRP 4.1 on Standards of Conduct, and HROI Table~~place of ~~Penalties for any purchase cardholder, approving official, supervisor, and~~acceptance ~~manager misuse~~as well and/or ~~as~~ fraud of government propertyother necessary acceptance provisions.

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### **Section 3 : Blanket Purchase Agreement (BPA)**

**Old Content:** Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

### **Section 3 : Blanket Purchase Agreement (BPA)**

a. A blanket purchase agreement (BPA) is a simplified method of filling anticipated repetitive needs for products or services by establishing "charge accounts" with qualified vendors. BPAs may be appropriate when other procurement techniques such as using a purchase card, purchase order, or contract are not appropriate or available, and:

- (1) A wide variety of items in a class of supplies or services is required, but the exact items, quantity, and delivery requirements are not known in advance and vary;
- (2) FAA offices in given areas do not have or need purchasing authority, but need a commercial source for supplies or services;
- (3) Establishing a BPA would avoid writing numerous purchase orders;
- (4) There is no existing source for the same supply or service that FAA must use; these sources include:
  - (a) Federal Prison Industries, Inc. (UNICOR);
  - (b) Randolph-Sheppard Act or Javitts-Wagner-O'Day Act (JWOD) programs;
  - (c) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) program; and
  - (d) Active contracts containing the "Requirements" clause.

b. A BPA is not a contract. Instead, it is an understanding between FAA and a vendor that allows FAA to place future orders more quickly by identifying terms and conditions applying to those orders, a description of the supplies or services to be provided, and methods for issuing and pricing each order. The FAA is not obligated to place, nor must a vendor accept, any orders. Either party may cancel a BPA at any time. An enforceable contract exists only when FAA places an order against the BPA and the vendor accepts it.

c. *Establishing a BPA.*

- (1) The Contracting Officer (CO) may concurrently establish BPAs for the same type of items or services with more than one vendor to provide competition for orders.
- (2) There is no maximum dollar limitation for a BPA; however, each BPA must have a total ceiling amount. If the anticipated total value of all orders against a BPA will exceed \$100,000, then it is subject to public announcement and applicable review requirements, including review by legal counsel (and Chief Information Officer (CIO) if information technology resources over \$250,000 are involved).
- (3) Only a CO can place an individual order exceeding \$100,000.
- (4) Using a BPA does not relieve the CO or authorized users from keeping obligations and expenditures within available funds.
- (5) Price reasonableness and competition requirements apply to obtaining needs through BPAs. A BPA with one vendor does not justify purchasing from only one source; the initial BPA and future orders awarded under the BPA are subject to competition requirements. (Refer to AMS Procurement Guidance T3.2.2.4, Single Source).
- (6) BPAs may include Federal Supply Schedule (FSS) contractors utilizing the BPA provision in their FSS contract.
- (7) BPAs can be prepared without a Procurement Request (PR), and only after contacting vendors to arrange for maximum discounts, documentation requirements for individual purchases, periodic billings, and other necessary details.
- (8) Open market purchases are not affected by an existing BPA. The same class of supplies or services offered through a BPA may be purchased on the open market, and both BPA and non-BPA vendors may be solicited.

d. *Mandatory Terms and Conditions.* A BPA must include:

- (1) *Description of Agreement.* A statement that the vendor must furnish products or services, described in general terms, if and when requested by the CO, or the authorized representative, during a specified period and within a stipulated aggregate amount.
- (2) *Extent of Obligation.* A statement that the FAA is obligated only to the extent of authorized orders actually placed under the BPA.
- (3) *Purchase Limitation.* A statement specifying the dollar limitation for individual orders under the BPA.
- (4) *Notice of Individuals Authorized to Purchase under the BPA.* The CO will furnish to the vendor a list of individuals authorized to purchase under the BPA, identified either by



title of position or by name of individual, organizational component, and the dollar limitation per purchase for each position title or individual.

(5) *Clauses*. The BPA must include any prescribed clauses applicable to the dollar thresholds of particular orders against the BPA, e.g., Service Contract Act.

(6) *Delivery Tickets*. A requirement that all shipments under the BPA, except subscriptions and other charges for newspapers, magazines, or other periodicals, will be accompanied by delivery tickets or sales slips with the following information as a minimum: name of individual who placed the order, name of contractor, BPA number, date of purchase, purchase number, itemized list of products or services furnished, quantity, unit price and extension of each item, and date of delivery or shipment.

(7) *Invoices*. Invoices are to be submitted at least monthly or upon expiration of the BPA.

e. *Procurement Request (PR)*. A PR is not required for each order. Instead, the BPA can be bulk funded to the ceiling on the first order, and then each subsequent order applied to the BPA until funds are no longer available. Rather than obtaining a PR for each order, bulk funding is a process where the CO receives authorization through a PR to obligate funds against a specified lump sum of funds reserved for a specific purpose for a specified period of time. The amount of bulk funding should represent the anticipated need through the BPA, and not serve as means to avoid fiscal restrictions or appropriation law. The CO, or authorized BPA user, may make purchases based on an oral request or a memorandum from an authorized requisitioner in the program/requisitioning office. The program/requisitioning office should confirm oral requests in writing as a matter of record.

f. *Authorized Users*. Each person authorized to place orders under a BPA should receive guidance from the CO on the limitations of authority and responsibilities associated with using the BPA. Authorized users must follow ordering procedures to ensure proper delivery, billing, and payment. Purchases that would normally be made as single order should not be split to avoid any user ordering limitations. Program/requisitioning offices should notify the CO whenever an authorized user changes or the need for purchasing against the BPA no longer exists; the CO should modify the BPA to reflect any changes in authorized users.

g. *Placing an Order*.

(1) When placing an order, the authorized user contacts the vendor and provides:

- (a) Authorized user's name, phone number, and office.
- (b) BPA number and order number assigned by the authorized user.
- (c) Description of required supply or service (part number, description, quantity, etc.).
- (d) Delivery address and telephone number.
- (e) Delivery date.
- (f) Reminder that the order is tax exempt.



(2) The authorized user should request any offered discounts, and inform the vendor that the BPA number and order number is to appear on the packing slip and invoice/billing statement.

(3) The authorized user should document the order in a log or by other means to record details of the transaction (item description, price, quantity, date, etc.).

h. *Segregation of Duties*. In accordance with Office of Management and Budget (OMB) Circular A-120, the same person may not make the purchase, receive supplies or services, and authorize payment. The same person may perform two of the functions, but not all three.

i. *Review*. The CO should review a sufficient random sample of BPA files at least annually to ensure that authorized users are following procedures.

j. *Unauthorized Commitments*. Only COs or people authorized by the CO may place orders against a BPA. Any purchase made by an unauthorized person, or any purchase placed against a BPA which exceeds the authorized limitation is an unauthorized commitment.

k. *Market Analysis*. The CO must maintain awareness in market conditions, sources of supply, and other factors that may warrant making new arrangements with different vendors or modifying existing arrangements.

l. *Expiration*. A BPA is considered complete when purchases under it equal its total dollar limitation or when the stated time period expires.

**New Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 3 : Blanket Purchase Agreement (BPA)**

a. A blanket purchase agreement (BPA) is a simplified method of filling anticipated repetitive needs for products or services by establishing "charge accounts" with qualified vendors. BPAs may be appropriate when other procurement vehicles such as using a purchase card, purchase order, or contract are not appropriate or available, and:

(1) A wide variety of items in a class of supplies or services are required, but the exact items, quantity, and delivery requirements are not known in advance and vary;

(2) FAA offices in given areas do not have or need purchasing authority, but need a commercial source for supplies or services;

(3) Establishing a BPA would avoid writing numerous purchase orders;

(4) There is no existing source for the same supply or service that FAA must use; these sources include:

- (a) Federal Prison Industries, Inc. (UNICOR);
- (b) Randolph-Sheppard Act or Javits-Wagner-O'Day Act (JWOD) programs;
- (c) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) program;
- (d) Dell BPA;
- (e) National Wireless program; and
- (f) Active contracts containing the "Requirements" clause.

b. A BPA is not a contract. Instead, it is an understanding between FAA and a vendor that allows FAA to place future orders more quickly by identifying terms and conditions applying to those orders, a description of the supplies or services to be provided, and methods for issuing and pricing each order. The FAA is not obligated to place, nor must a vendor accept, any orders. Either party may cancel a BPA at any time. An enforceable contract exists only when FAA places an order against the BPA and it is accepted by the vendor.

*c. Establishing a BPA.*

- (1) After determining a BPA would be advantageous, the Contracting Officer (CO) may concurrently establish BPAs for the same type of items or services with more than one vendor to provide maximum competition for orders.
- (2) There is no maximum dollar limitation for a BPA; however, each BPA must have a total ceiling amount. If the anticipated total value of all orders against a BPA will exceed \$100,000, then it is subject to public announcement and applicable review requirements, including review by legal counsel (as well as review by the Chief Financial Officer (CFO) (see AMS Procurement Guidance T3.2.1.4 for applicable standards) and Chief Information Officer (CIO) (if information technology resources over \$250,000 are involved)).
- (3) Only a CO can place an individual order exceeding \$100,000.
- (4) Using a BPA does not relieve the CO or authorized users from keeping obligations and expenditures within available funds.
- (5) Price reasonableness and competition requirements apply to obtaining needs through BPAs. A BPA with one vendor does not justify purchasing from only one source; the initial BPA and future orders awarded under the BPA are subject to competition requirements. (Refer to AMS Procurement Guidance T3.2.2.4, Single Source).
- (6) BPAs may include Federal Supply Schedule (FSS) contractors utilizing the BPA provision in their FSS contract.

(7) BPAs can be prepared without a Procurement Request (PR), but only after contacting vendors to arrange for maximum discounts, documentation requirements for individual purchases, periodic billings, and other necessary details.

(8) Open market purchases are not affected by an existing BPA. The same class of supplies or services offered through a BPA may be purchased on the open market, and both BPA and non-BPA vendors may be solicited.

d. *Mandatory Terms and Conditions.* A BPA must include:

(1) *Description of Agreement.* A statement that the vendor must furnish products or services, described in general terms, if and when requested by the CO, or the authorized representative, during a specified period and within a stipulated aggregate amount.

(2) *Extent of Obligation.* A statement that the FAA is obligated only to the extent of authorized orders actually placed under the BPA.

(3) *Purchase Limitation.* A statement specifying the dollar limitation for individual orders under the BPA.

(4) *Notice of Individuals Authorized to Purchase under the BPA.* The CO will furnish to the vendor a list of individuals authorized to purchase under the BPA, identified either by title of position or by name of individual, organizational component, and the dollar limitation per purchase for each position title or individual.

(5) *Clauses.* The BPA must include any prescribed clauses applicable to the dollar thresholds of particular orders against the BPA, e.g., Service Contract Act for orders for services over \$2,500.

(6) *Delivery Tickets.* A requirement that all shipments under the BPA, except subscriptions and other charges for newspapers, magazines, or other periodicals, will be accompanied by delivery tickets or sales slips with the following information as a minimum: name of individual who placed the order, name of contractor, BPA number, date of purchase, purchase number, itemized list of products or services furnished, quantity, unit price and extension of each item, and date of delivery or shipment.

(7) *Invoices.* Invoices are to be submitted at least monthly or upon expiration of the BPA for all deliveries made during the billing period. Each invoice must:

(a) Identify the delivery tickets covered in the invoice;

(b) State the total dollar value of each delivery ticket; and

(c) Be supported by receipt copies of each delivery ticket.

e. *Procurement Request (PR)*. A PR is not required for each order. Instead, the BPA can be bulk funded to the ceiling on the first order, and then each subsequent order applied to the BPA until funds are no longer available. Rather than obtaining a PR for each order, bulk funding is a process where the CO receives authorization through a PR to obligate funds against a specified lump sum of funds reserved for a specific purpose for a specified period of time. The amount of bulk funding should represent the anticipated need through the BPA, and not serve as means to avoid fiscal restrictions or appropriation law. The CO, or authorized BPA user, may make purchases based on an oral request or a memorandum from an authorized requisitioner in the program/requisitioning office. The program/requisitioning office should confirm oral requests in writing as a matter of record.

f. *Authorized Users*. Each person authorized to place orders against a BPA should receive written guidance from the CO on the limitations of authority and responsibilities associated with using the BPA. Authorized users must follow ordering procedures to ensure proper delivery, billing, and payment. Purchases that would normally be made as single order should not be split to avoid any user ordering limitations. Program/requisitioning offices should notify the CO whenever an authorized user changes or the need for purchasing against the BPA no longer exists; the CO should modify the BPA to reflect any changes in authorized users.

g. *Placing an Order*.

(1) When placing an order, the authorized user contacts the vendor and provides:

- (a) Authorized user's name, phone number, and office.
- (b) BPA number and order number assigned by the authorized user.
- (c) Description of required supply or service (part number, description, quantity, etc.).
- (d) Delivery address and telephone number.
- (e) Delivery date.
- (f) Reminder that the order is tax exempt.

(2) The authorized user should request any offered discounts, and inform the vendor that the BPA number and order number is to appear on the packing slip and invoice/billing statement.

(3) The authorized user should document the order in a log or by other means to record details of the transaction (item description, price, quantity, date, etc.).

h. *Segregation of Duties*. In accordance with Office of Management and Budget (OMB) Circular A-123, the same person may not make the purchase, receive supplies or services, and authorize payment. The same person may perform two of the functions, but not all three.

i. *Review*. The CO should review a sufficient random sample of BPA files at least annually to ensure that authorized users are following procedures.

j. *Unauthorized Commitments*. Only COs or people authorized by the CO may place orders against a BPA. Any purchase made by an unauthorized person, or any purchase placed against a BPA which exceeds the authorized limitation is an unauthorized commitment.

k. *Market Analysis*. The CO must maintain awareness in market conditions, sources of supply, and other factors that may warrant making new arrangements with different vendors or modifying existing arrangements.

l. *Expiration*. A BPA is considered complete when purchases under it equal its total dollar limitation or when the stated time period expires.

**Red Line Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 3 : Blanket Purchase Agreement (BPA)**

a. A blanket purchase agreement (BPA) is a simplified method of filling anticipated repetitive needs for products or services by establishing "charge accounts" with qualified vendors. BPAs may be appropriate when other procurement ~~techniques~~vehicles such as using a purchase card, purchase order, or contract are not appropriate or available, and:

(1) A wide variety of items in a class of supplies or services ~~is~~are required, but the exact items, quantity, and delivery requirements are not known in advance and vary;

(2) FAA offices in given areas do not have or need purchasing authority, but need a commercial source for supplies or services;

(3) Establishing a BPA would avoid writing numerous purchase orders;

(4) There is no existing source for the same supply or service that FAA must use; these sources include:-

(a) Federal Prison Industries, Inc. (UNICOR);

(b) Randolph-Sheppard Act or ~~Javits~~Javits-Wagner-O'Day Act (JWOD) programs;

(c) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) program;

(d) Dell BPA;

(e) National Wireless program; and

(d) Active contracts containing the "Requirements" clause.

b. A BPA is not a contract. -Instead, it is an understanding between FAA and a vendor that allows FAA to place future orders more quickly by identifying terms and conditions applying to those orders, a description of the supplies or services to be provided, and methods for issuing and pricing each order. The FAA is not obligated to place, nor must a vendor accept, any orders. Either party may cancel a BPA at any time. An enforceable contract exists only when FAA places an order against the BPA and ~~the vendor accepts~~ it is accepted by the vendor.-

c. *Establishing a BPA.*-

(1) ~~The~~ After determining a BPA would be advantageous, the Contracting Officer (CO) may concurrently establish BPAs for the same type of items or services with more than one vendor to provide maximum competition for orders.

(2) There is no maximum dollar limitation for a BPA; however, each BPA must have a total ceiling amount. If the anticipated total value of all orders against a BPA will exceed \$100,000, then it is subject to public announcement and applicable review requirements, including review by legal counsel (as well as review by the Chief Financial Officer (CFO) (see AMS Procurement Guidance T3.2.1.4 for applicable standards) and Chief Information Officer (CIO) (if information technology resources over \$250,000 are involved)).

(3) Only a CO can place an individual order exceeding \$100,000.-

(4) Using a BPA does not relieve the CO or authorized users from keeping obligations and expenditures within available funds.

(5) Price reasonableness and competition requirements apply to obtaining needs through BPAs. A BPA with one vendor does not justify purchasing from only one source; the initial BPA and future orders awarded under the BPA are subject to competition requirements. (Refer to AMS Procurement Guidance T3.2.2.4, Single Source).

(6) BPAs may include Federal Supply Schedule (FSS) contractors utilizing the BPA provision in their FSS contract.

(7) BPAs can be prepared without a Procurement Request (PR), ~~and~~ but only after contacting vendors to arrange for maximum discounts, documentation requirements for individual purchases, periodic billings, and other necessary details.

(8) Open market purchases are not affected by an existing BPA. The same class of supplies or services offered through a BPA may be purchased on the open market, and both BPA and non-BPA vendors may be solicited.-

d. *Mandatory Terms and Conditions.* -A BPA must include:

(1) *Description of Agreement.* A statement that the vendor must furnish products or services, described in general terms, if and when requested by the CO, or the authorized representative, during a specified period and within a stipulated aggregate amount.

(2) *Extent of Obligation.* A statement that the FAA is obligated only to the extent of authorized orders actually placed under the BPA.

(3) *Purchase Limitation.* A statement specifying the dollar limitation for individual orders under the BPA.

(4) *Notice of Individuals Authorized to Purchase under the BPA.* The CO will furnish to the vendor a list of individuals authorized to purchase under the BPA, identified either by title of position or by name of individual, organizational component, and the dollar limitation per purchase for each position title or individual.

(5) *Clauses.* The BPA must include any prescribed clauses applicable to the dollar thresholds of particular orders against the BPA, e.g., Service Contract Act for orders for services over \$2,500.

(6) *Delivery Tickets.* A requirement that all shipments under the BPA, except subscriptions and other charges for newspapers, magazines, or other periodicals, will be accompanied by delivery tickets or sales slips with the following information as a minimum: name of individual who placed the order, name of contractor, BPA number, date of purchase, purchase number, itemized list of products or services furnished, quantity, unit price and extension of each item, and date of delivery or shipment.

(7) *Invoices.* Invoices are to be submitted at least monthly or upon expiration of the BPA for all deliveries made during the billing period. Each invoice must:

(a) Identify the delivery tickets covered in the invoice;

(b) State the total dollar value of each delivery ticket; and

(c) Be supported by receipt copies of each delivery ticket.

e. *Procurement Request (PR).* -A PR is not required for each order. Instead, the BPA can be bulk funded to the ceiling on the first order, and then each subsequent order applied to the BPA until funds are no longer available. Rather than obtaining a PR for each order, bulk funding is a process where the CO receives authorization through a PR to obligate funds against a specified lump sum of funds reserved for a specific purpose for a specified period of time. The amount of bulk funding should represent the anticipated need through the BPA, and not serve as means to avoid fiscal restrictions or appropriation law. The CO, or authorized BPA user, may make purchases based on an oral request or a memorandum from an authorized requisitioner in the program/requisitioning office. The program/requisitioning office should confirm oral requests in writing as a matter of record.

f. *Authorized Users.* Each person authorized to place orders ~~under~~*against* a BPA should receive *written* guidance from the CO on the limitations of authority and responsibilities associated with using the BPA. Authorized users must follow ordering procedures to ensure proper delivery, billing, and payment. Purchases that would normally be made as single order should not be split to avoid any user ordering limitations. Program/requisitioning offices should notify the CO whenever an authorized user changes or the need for purchasing against the BPA no longer exists; the CO should modify the BPA to reflect any changes in authorized users.

g. *Placing an Order.*-

(1) When placing an order, the authorized user contacts the vendor and provides:-

- (a) Authorized user's name, phone number, and office.
- (b) BPA number and order number assigned by the authorized user.
- (c) Description of required supply or service (part number, description, quantity, etc.).
- (d) Delivery address and telephone number.
- (e) Delivery date.
- (f) Reminder that the order is tax exempt.

(2) The authorized user should request any offered discounts, and inform the vendor that the BPA number and order number is to appear on the packing slip and invoice/billing statement.

(3) The authorized user should document the order in a log or by other means to record details of the transaction (item description, price, quantity, date, etc.).

h. *Segregation of Duties.* -In accordance with Office of Management and Budget (OMB) Circular A-~~120~~*123*, the same person may not make the purchase, receive supplies or services, and authorize payment. The same person may perform two of the functions, but not all three.

i. *Review.* -The CO should review a sufficient random sample of BPA files at least annually to ensure that authorized users are following procedures.

j. *Unauthorized Commitments.* -Only COs or people authorized by the CO may place orders against a BPA. Any purchase made by an unauthorized person, or any purchase placed against a BPA which exceeds the authorized limitation is an unauthorized commitment.

k. *Market Analysis.* -The CO must maintain awareness in market conditions, sources of supply, and other factors that may warrant making new arrangements with different vendors or modifying existing arrangements.



1. *Expiration.* -A BPA is considered complete when purchases under it equal its total dollar limitation or when the stated time period expires.

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#### **Section 4 : Considerations for Restricted Purchases**

**Old Content:** Procurement Guidance:

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

#### **Section 4 : Considerations for Restricted Purchases**

a. This guidance provides information and references to assist FAA personnel to determine whether a particular item or service would be a permissible purchase using Federal funds. There is no iron clad rule or readily available list that describes in every case whether a particular purchase using Federal funding is permissible. FAA personnel should use common sense and sound judgment, based on appropriations law and related decisions of the Comptroller General.

b. The Government Accountability Office (GAO) established a "*necessary expense*" doctrine. This doctrine is described fully in Volume I, Third Edition, of "Principles of Federal Appropriations Law," (GAO Red Book) issued by GAO, Office of the General Counsel. This publication states, in part, that for an expenditure to be justified under the necessary expense theory, it must meet certain tests, including, but not confined to, the test that: "The expenditure must bear a logical relationship to the appropriation sought to be charged. In other words, it must make a direct contribution to carrying out either a specific appropriation or an authorized agency function for which more general appropriations are available" (GAO Red Book, Volume I, Chapter 4, Section B.1.) ).

c. By projection, the necessary expense doctrine does not allow use of appropriated funds to purchase items or services that can be reasonably interpreted to meet personal convenience and are not for a necessary Governmental function. Determinations in this area about questioned or questionable items or services should be made by the CO in consultation with the legal counsel. Almost any listing of prohibited items of purchase is subject to exceptions. To quote the GAO Red Book "The Comptroller General has never established a precise formula for determining the application of the necessary expense rule. In view of the vast differences among agencies, any formula would almost certainly be unworkable. Rather, the determination must be made essentially on a case-by-case basis."

d. For FAA guidance, the following are examples of prohibited items of purchase (this is not a complete list):

(1) *Drinking water*, except when:

(a) A duly constituted public health authority pronounces ordinary drinking water to be unsafe for human consumption at the site; or

(b) FAA personnel reasonably foresee a disaster or emergency, such as imminent landfall of a hurricane, and all of the following conditions are present:

(i) FAA personnel reasonably anticipate that drinking water at the site will be unsafe for human consumption;

(ii) The drinking water is for FAA personnel responding to or at the emergency or disaster site;

(iii) The amount of drinking water is commensurate with the anticipated response time at the site or the estimated time for the local drinking water to be considered safe for human consumption, whichever is shorter;

(iv) The drinking water is purchased in a reasonable time-frame in advance of an imminent emergency or disaster, and the time-frame does not exceed the time required to purchase, stage, and properly distribute the drinking water; and

(c) The drinking water is provided in a controlled environment as may be necessary to enable collections for drug use analysis for safety sensitive positions.

(2) *Subscriptions to publications or magazines*, not relating to official duties.

(3) *Clothing (or personal apparel of any description)*; requirements for special type clothing necessitated by agency need should be coordinated with the procurement office.

(4) *Rental of aircraft* by persons not in aircraft related positions.

(5) *Fans, air conditioning and cooling equipment, space heaters and heating equipment*, except as properly installed for general use in connection with the maintenance and operations requirements for the site.

(6) *Water coolers, or vacuum cleaners and other household appliances*, except as requisitioned for general use by the authorities charged with building maintenance and equipment.

e. *Purchasing or renting portable storage units or procuring short-term storage services.*

(1) Before purchasing or renting storage units or procuring storage services, a determination must be made that existing storage space is not available from other sources within FAA or elsewhere in Government. Contracting Officers (CO) or cardholders must coordinate storage requirements with a warranted Real Estate Contracting Officer (CO). This coordination is intended to ensure:

(a) That no in-house storage capabilities are available; and

(b) No real estate or facility factors exist that may affect the procurement, such as applicable real estate regulations or unique site requirements.

(2) Storage units or services for purposes of this guidance are limited to portable storage units or containers designed for temporary on-site use or temporary storage in a secured centralized storage center owned by the vendor. The storage units or containers must be classified as personal property and not affixed or attached in a permanent means to the land (real property) upon which they may be situated for temporary use. If the portable storage unit or container is to be placed on land owned or leased by FAA, the CO or cardholder must ensure FAA has legally established rights to use the land before staging or storing a third party item of property (storage unit or container) procured under service agreement.

(3) When possible, storage requirements for a construction project should be incorporated into the Statement of Work (SOW) or specification under the associated construction contract.

(4) Purchase cards cannot be used:

(a) For the purchase, rental, or lease of land or buildings;

(b) To purchase real property, which is defined as land, buildings, structures or rights over or under the land, or things that are permanently affixed or attached to the land such as improvements to make it more productive or to make it serve a more beneficial end than the land itself; and

(c) For long-term storage unit rental or services (long-term is defined as six months or more), unless the purchase card is being used as a payment vehicle against a separately signed contract or lease and:

(i) The total cost of the rental or purchase of storage services does not exceed the cardholder's delegated authority;

(ii) The portable units are not classified as real property (as defined above); and

(iii) The terms and conditions of the rental or storage services (i.e. termination authority) are set forth in writing and signed by both parties.

**New Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 4 : Prohibited and Restricted Purchases**

a. This guidance is intended to assist FAA personnel determine whether a particular item or service would be a permissible purchase using appropriated funds. There is no ironclad rule or readily available list that describes in every case whether a particular purchase using appropriated funding is permissible. FAA personnel should use common sense and sound judgment, based on appropriations law and related decisions of the Comptroller General.

b. The Government Accountability Office (GAO) established a "*necessary expense*" doctrine. This doctrine is described fully in Volume I, Third Edition, of "Principles of Federal Appropriations Law," (GAO Red Book) issued by GAO, Office of the General Counsel. This publication states, in part, that for an expenditure to be justified under the necessary expense theory, it must meet certain tests, including: "The expenditure must bear a logical relationship to the appropriation sought to be charged. In other words, it must make a direct contribution to carrying out either a specific appropriation or an authorized agency function for which more general appropriations are available" (GAO Red Book, Volume I, Chapter 4, Section B.1.)). By projection, the necessary expense doctrine does not allow use of appropriated funds to purchase items or services that can be reasonably interpreted to meet personal convenience and are not for a necessary Governmental function. The CO or cardholder in consultation with budget officials and legal counsel should make determinations in this area about questioned or questionable items or services. Almost any listing of prohibited items of purchase is subject to exceptions. To quote the GAO Red Book "The Comptroller General has never established a precise formula for determining the application of the necessary expense rule. In view of the vast differences among agencies, any formula would almost certainly be unworkable. Rather, the determination must be made essentially on a case-by-case basis."

c. For FAA, the following are prohibited or restricted items of purchase (this is not a complete list):

(1) *Drinking water*, except when:

- (a) A duly constituted public health authority pronounces ordinary drinking water to be unsafe for human consumption at the site;
- (b) A viable and safe water source for FAA personnel is not available on or within a reasonable distance of the worksite;
- (c) FAA personnel reasonably foresee a disaster or emergency, such as imminent landfall of a hurricane, and all of the following conditions are present:
  - (i) FAA personnel reasonably anticipate that drinking water at the site will be unsafe for human consumption;

(ii) The drinking water is for FAA personnel responding to or at the emergency or disaster site;

(iii) The amount of drinking water is commensurate with the anticipated response time at the site or the estimated time for the local drinking water to be considered safe for human consumption, whichever is shorter;

(iv) The drinking water is purchased in a reasonable time-frame in advance of an imminent emergency or disaster, and the time-frame does not exceed the time required to purchase, stage, and properly distribute the drinking water; or

(d) The drinking water is provided in a controlled environment as may be necessary to enable collections for drug use analysis for safety sensitive positions.

(2) *Food and beverage items* for meetings and conventions, except as detailed in AMS Procurement Guidance T3.2.2.5 A.5., FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops.

(3) *Gifts, including gift cards/certificates or office retirements* (note that authorized office retirement plaques are not gifts and fall under the non-cash award section below).

(4) *Membership fees* for individual employees (FAA may purchase membership in a society or association in its own name).

(5) *Subscriptions to publications or magazines* not relating to official duties.

(6) *Clothing (or personal apparel of any description)*. Special type clothing required by FAA requires written justification from the requestor's supervisor and should be coordinated with legal counsel.

(7) *Rental of aircraft* by persons not in aircraft related positions.

(8) *Fans, air conditioning and cooling equipment, space heaters and heating equipment*, except as properly installed for general use in connection with the maintenance and operations requirements for the site.

(9) *Water coolers, or vacuum cleaners and other household appliances (i.e. refrigerators, microwaves, etc)*, except as requisitioned for general use by the authorities charged with building maintenance and equipment.

(10) *Cellular or communication devices and services* covered by the National Wireless Program Office (NWPO). Devices provided through this program include:

(a) Cellular Phones;

- (b) One and two-way pager devices;
- (c) Multi-functional server-based devices (e.g. Blackberries); and
- (d) Satellite phones.

d. *Non-Cash Awards.*

(1) When procuring non-cash awards (gifts remain a prohibited item), the requirements in the HRPM, Recognizing Employees, PM-9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased and given. These records must contain the following:

- (a) The justification for granting the award;
- (b) The item(s) purchased;
- (c) The cost of the item(s); and
- (d) The award recipient.

(2) Plaques, trophies, or other types of awards given to employees for high quality work or special projects must not exceed \$75.00. IRS considers merchandise with a value exceeding \$75.00 given to FAA employees taxable.

(3) Reasonable purchases (i.e., decorations and related supplied) used to enhance an awards ceremony and foster public recognition of employees' accomplishments are allowable. This does not apply to food and beverage, which is addressed in AMS Procurement Guidance T3.2.2.5.A.5.

e. *Purchasing or Renting Portable Storage Units or Procuring Short-term Storage Services.*

(1) Before purchasing or renting storage units or procuring storage services, a determination must be made that existing storage space is not available from other sources within FAA or elsewhere in Government. Contracting Officers (CO) or cardholders must coordinate storage requirements with a warranted Real Estate Contracting Officer (RECO). This coordination is intended to ensure:

- (a) That no in-house storage capabilities are available; and
- (b) No real estate or facility factors exist that may affect the procurement, such as applicable real estate regulations or unique site requirements.

(2) Storage units or services for purposes of this guidance are limited to portable storage units or containers designed for temporary (less than six months) on-site use or temporary storage in a secured centralized storage center owned by the vendor. The storage units or

containers must be classified as personal property and not affixed or attached in a permanent means to the land (real property) upon which they may be situated for temporary use. If the portable storage unit or container is to be placed on land owned or leased by FAA, the CO or cardholder must ensure FAA has legally established rights to use the land before staging or storing a third party item of property (storage unit or container) procured under service agreement.

(3) When possible, storage requirements for a construction project should be incorporated into the Statement of Work (SOW) or specification under the associated construction contract.

(4) Purchase cards cannot be used:

(a) For the purchase, rental, or lease of land or buildings;

(b) To purchase real property, which is defined as land, buildings, structures or rights over or under the land, or things that are permanently affixed or attached to the land such as improvements to make it more productive or to make it serve a more beneficial end than the land itself; and

(c) For long-term storage unit rental or services (long-term is defined as six months or more), unless the purchase card is being used as a payment vehicle against a contract or lease signed by a CO/RECO and:

(i) The total cost of the rental or purchase of storage services does not exceed the cardholder's delegated authority;

(ii) The portable units are not classified as real property (as defined above); and

(iii) The terms and conditions of the rental or storage services (i.e. termination authority) are set forth in writing and signed by both parties.

**Red Line Content: Procurement Guidance:**

*T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)*

*Simplified Purchasing*

**Section 4 : ~~Considerations for~~Prohibited and Restricted Purchases**

a. This guidance ~~provides information and~~ is ~~references~~ intended to assist FAA personnel ~~to~~ determine whether a particular item or service would be a permissible purchase using ~~Federal~~ appropriated funds. There is no ~~ironclad~~ elad rule or readily available list that describes in every case whether a particular purchase using ~~Federal~~ appropriated funding is permissible. FAA personnel should use common sense and sound judgment, based on appropriations law and related decisions of the Comptroller General.

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~~dc~~. For FAA ~~guidance~~, the following are ~~examples of prohibited~~ prohibited or restricted items of purchase (this is not a complete list):

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(b) A viable and safe water source for FAA personnel is not available on or within a reasonable distance of the worksite;

~~(b)~~ (c) FAA personnel reasonably foresee a disaster or emergency, such as imminent landfall of a hurricane, and all of the following conditions are present:

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(ii) The drinking water is for FAA personnel responding to or at the emergency or disaster site;

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not exceed the time required to purchase, stage, and properly distribute the drinking water; ~~and~~or

(~~e~~d) The drinking water is provided in a controlled environment as may be necessary to enable collections for drug use analysis for safety sensitive positions.

(2) *Food and beverage items for meetings and conventions, except as detailed in AMS Procurement Guidance T3.2.2.5 A.5., FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops.*

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(4~~7~~) *Rental of aircraft by persons not in aircraft related positions.*

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(10) *Cellular or communication devices and services covered by the National Wireless Program Office (NWPO). Devices provided through this program include:*

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*(b) One and two-way pager devices;*

*(c) Multi-functional server-based devices (e.g. Blackberries); and*

*(d) Satellite phones.*

*d. Non-Cash Awards.*

(1) When procuring non-cash awards (gifts remain a prohibited item), the requirements in the HRP, Recognizing Employees, PM-9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased and given. These records must contain the following:

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e. Purchasing or ~~renting portable storage units~~ Renting Portable Storage Units or ~~procuring~~ Procuring short-term storage services.

(1) Before purchasing or renting storage units or procuring storage services, a determination must be made that existing storage space is not available from other sources within FAA or elsewhere in Government. Contracting Officers (CO) or cardholders must coordinate storage requirements with a warranted Real Estate Contracting Officer (~~CO~~ RECO). This coordination is intended to ensure:

(a) That no in-house storage capabilities are available; and

(b) No real estate or facility factors exist that may affect the procurement, such as applicable real estate regulations or unique site requirements.

(2) Storage units or services for purposes of this guidance are limited to portable storage units or containers designed for temporary (less than six months) on-site use or temporary storage in a secured centralized storage center owned by the vendor. The storage units or containers must be classified as personal property and not affixed or attached in a permanent means to the land (real property) upon which they may be situated for temporary use. If the portable storage unit or container is to be placed on land owned or leased by FAA, the CO or cardholder must ensure FAA has legally established rights to use the land before staging or storing a third party item of property (storage unit or container) procured under service agreement.

(3) When possible, storage requirements for a construction project should be incorporated into the Statement of Work (SOW) or specification under the associated construction contract.

(4) Purchase cards cannot be used:

(a) For the purchase, rental, or lease of land or buildings;

(b) To purchase real property, which is defined as land, buildings, structures or rights over or under the land, or things that are permanently affixed or attached to the land such as improvements to make it more productive or to make it serve a more beneficial end than the land itself; and

(c) For long-term storage unit rental or services (long-term is defined as six months or more), unless the purchase card is being used as a payment vehicle against a ~~separately signed~~ contract or lease *signed by a CO/RECO* and:

(i) — The total cost of the rental or purchase of storage services does not exceed the cardholder's delegated authority;

(ii) — The portable units are not classified as real property (as defined above); and

(iii) — The terms and conditions of the rental or storage services (i.e. termination authority) are set forth in writing and signed by both parties.

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